

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 March 31, 2026

OR

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

Commission File Number: 000-50245

HOPE BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-4849715

(I.R.S. Employer Identification No.)

3200 Wilshire Boulevard, Suite 1400

Los Angeles, California 90010

(Address of principal executive offices, including zip code)

(213) 639-1700

(Registrant's telephone number, including area code)

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

Common Stock, par value \$0.001 per share

(Title of class)

HOPE

(Trading Symbol)

NASDAQ Global Select Market

(Name of exchange on which registered)

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Non-accelerated filer ☐

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 ☒

At May 1, 2026, there were 127,838,883 shares of Hope Bancorp, Inc. common stock outstanding.

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Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance, perceived opportunities in the market, and statements regarding our business strategies, objectives and vision. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words “will”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “estimates”, “projects”, and similar expressions and statements regarding Hope Bancorp’s strategic initiatives, the acquisition of the Commercial Banking Unit of SMBC MANUBANK (“SMBC”), and Hope Bancorp’s future financial and operational results and capital allocation strategy. With respect to any such forward-looking statements, Hope Bancorp, Inc. (the “Company”) claims the protection provided for in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties. The Company’s actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in any forward-looking statements. With respect to the pending acquisition of SMBC, factors that may cause actual outcomes to differ from what is expressed or forecasted in these forward-looking statements include, among other things: the failure of the conditions to closing to be satisfied or waived; difficulties and delays in integrating Hope Bancorp and SMBC and achieving anticipated synergies, cost savings and other benefits from the transaction; higher than anticipated transaction costs; and deposit attrition, operating costs, customer loss and business disruption following the acquisition, including difficulties in maintaining relationships with employees and customers, which may be greater than expected. The closing of the proposed transaction is subject to regulatory approvals and the satisfaction of other customary closing conditions. Other risks and uncertainties include, but are not limited to: possible deterioration in economic conditions in the Company’s areas of operation and in the U.S. generally or elsewhere, including as a result of the interest rate environment, supply chain disruptions, inflation, labor shortages, changes in the housing and real estate markets, consumer confidence and spending habits; risk of adverse economic or political conditions in South Korea; interest rate risk associated with volatile interest rates and related asset-liability matching risk; liquidity risks; the possibility that the Company may discontinue or otherwise limit repurchases of its common stock from time to time; risk of significant non-earning assets and net credit losses that could occur, particularly in times of weak economic conditions or rising interest rates; the failure of or changes to assumptions and estimates underlying the Company’s allowances for credit losses; risk of natural disasters; risk of cybersecurity incidents; potential increases in deposit insurance assessments and regulatory risks associated with current and future regulations; the outcome of any legal proceedings that may be instituted against the Company; and the impact of U.S. and global trade policies, including changes in, or the imposition of, tariffs and/or trade barriers and the economic impacts, volatility and uncertainty resulting therefrom including fluctuations in commodity prices such as oil, as well as geopolitical instability and international tensions. For additional information concerning these and other risk factors, see Part I, Item 1A. Risk Factors contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 25, 2026 as supplemented by Part II, as such information may be updated from time to time in subsequent Quarterly Reports on Form 10-Q that we file with the SEC.

Due to the risks and uncertainties we face, readers are cautioned not to place undue reliance on the forward-looking statements contained in this report, which speak only as of the date of this report, or to make predictions about future performance based solely on historical financial information. The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) March 31, 2026	December 31, 2025
	(Dollars in thousands, except share data)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 224,960	\$ 209,478
Interest earning cash in other banks	369,809	350,581
Total cash and cash equivalents	594,769	560,059
Interest earning deposits in other financial institutions	7,688	—
Investment securities available for sale (“AFS”), at fair value	1,949,851	1,833,082
Investment securities held to maturity (“HTM”), at amortized cost; fair value of \$221,976 and \$227,024 at March 31, 2026 and December 31, 2025, respectively	236,101	239,782
Equity investments	43,412	42,476
Loans held for sale, at lower of cost or fair value	97,454	86,905
Loans receivable, net of allowance for credit losses of \$155,114 and \$156,661 at March 31, 2026 and December 31, 2025, respectively	14,484,575	14,544,351
Federal Home Loan Bank (“FHLB”) stock, at cost	17,700	17,700
Premises and equipment, net	68,621	69,589
Accrued interest receivable	53,734	52,211
Deferred tax assets, net	181,240	184,389
Bank owned life insurance (“BOLI”)	141,389	140,724
Investments in affordable housing partnerships	29,966	27,941
Operating lease right-of-use assets (“ROU”), net	55,594	57,443
Goodwill	484,129	480,916
Core deposit intangible assets, net	43,892	45,022
Servicing assets, net	13,636	12,954
Other assets	153,113	136,082
Total assets	\$ 18,656,864	\$ 18,531,626

(Continued)

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) March 31, 2026	December 31, 2025
(Dollars in thousands, except share data)		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest bearing	\$ 3,387,757	\$ 3,371,759
Interest bearing:		
Money market and NOW accounts	4,965,613	4,700,146
Savings deposits	1,070,584	1,156,227
Time deposits	6,302,488	6,375,011
Total deposits	15,726,442	15,603,143
FHLB and Federal Reserve Bank ("FRB") borrowings	284,966	284,922
Convertible notes and subordinated debentures, net	111,316	110,962
Accrued interest payable	68,399	78,310
Operating lease liabilities	57,314	59,258
Other liabilities	125,047	111,763
Total liabilities	\$ 16,373,484	\$ 16,248,358
Commitments and contingent liabilities (Note 9)		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value; 300,000,000 and 300,000,000 authorized shares at March 31, 2026 and December 31, 2025, respectively: issued and outstanding 145,809,685 and 127,822,689 shares, respectively, at March 31, 2026, and issued and outstanding 145,584,490 and 128,201,655 shares, respectively, at December 31, 2025	\$ 146	\$ 146
Additional paid-in capital	1,523,015	1,523,702
Retained earnings	1,183,986	1,172,394
Treasury stock, at cost; 17,986,996 and 17,382,835 shares at March 31, 2026 and December 31, 2025, respectively	(271,372)	(264,667)
Accumulated other comprehensive loss, net	(152,395)	(148,307)
Total stockholders' equity	2,283,380	2,283,268
Total liabilities and stockholders' equity	\$ 18,656,864	\$ 18,531,626

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands, except per share data)	
INTEREST INCOME:		
Interest and fees on loans	\$ 205,919	\$ 194,961
Interest on investment securities	19,218	15,892
Interest on cash and deposits at other banks	3,778	5,205
Interest on other investments	1,229	1,108
Total interest income	230,144	217,166
INTEREST EXPENSE:		
Interest on deposits	101,455	113,585
Interest on FHLB and FRB borrowings	2,408	356
Interest on other borrowings and debt	2,224	2,408
Total interest expense	106,087	116,349
NET INTEREST INCOME	124,057	100,817
PROVISION FOR CREDIT LOSSES	8,650	4,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	115,407	96,017
NONINTEREST INCOME:		
Service fees on deposit accounts	3,335	2,921
International service, wire transfer and foreign currency fees	2,255	1,953
Other customer-driven income and fees	4,877	3,746
Net gains on sales of SBA loans	3,266	3,131
Net gains on sales of investment securities AFS	604	—
Other noninterest income	2,630	3,937
Total noninterest income	16,967	15,688
NONINTEREST EXPENSE:		
Salaries and employee benefits	56,223	48,460
Occupancy, furniture and equipment	10,566	8,836
Software-related expense	6,285	4,588
Data and item processing	3,568	2,362
Amortization of investments in affordable housing partnerships	2,474	1,961
Federal Deposit Insurance Corporation (“FDIC”) assessments	2,814	2,502
FDIC special assessment (reversal)	(58)	—
Earned interest credit expense	2,383	3,087
Merger and restructuring-related costs	234	2,519
Other noninterest expense	9,966	9,546
Total noninterest expense	94,455	83,861
INCOME BEFORE INCOME TAXES	37,919	27,844
INCOME TAX PROVISION	8,379	6,748
NET INCOME	\$ 29,540	\$ 21,096
EARNINGS PER COMMON SHARE		
Basic	\$ 0.23	\$ 0.17
Diluted	\$ 0.23	\$ 0.17

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Net income	\$ 29,540	\$ 21,096
Other comprehensive (loss) income:		
Change in unrealized net holding (losses) gains on securities AFS	(8,719)	32,705
Change in unrealized net holding gains (losses) on interest rate contracts used in cash flow hedges	2,787	(1,184)
Reclassification adjustments for net losses (gains) realized in net income	202	(1,055)
Tax effect	1,642	(8,906)
Other comprehensive (loss) income, net of tax	(4,088)	21,560
Total comprehensive income	<u>\$ 25,452</u>	<u>\$ 42,656</u>

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common stock		Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive loss, net	Total stockholders' equity
	Shares	Amount					
	(Dollars in thousands, except share and per share data)						
BALANCE, DECEMBER 31, 2024	120,755,658	\$ 138	\$ 1,445,373	\$ 1,181,533	\$ (264,667)	\$ (227,872)	\$ 2,134,505
Issuance of shares pursuant to various stock plans, net of forfeitures and tax withholding cancellations	319,330						—
Stock-based compensation, net of tax settlements			(220)				(220)
Cash dividends declared on common stock (\$0.14 per share)				(16,908)			(16,908)
Comprehensive income:							
Net income				21,096			21,096
Other comprehensive income						21,560	21,560
BALANCE, MARCH 31, 2025	121,074,988	\$ 138	\$ 1,445,153	\$ 1,185,721	\$ (264,667)	\$ (206,312)	\$ 2,160,033
BALANCE, DECEMBER 31, 2025	128,201,655	\$ 146	\$ 1,523,702	\$ 1,172,394	\$ (264,667)	\$ (148,307)	\$ 2,283,268
Issuance of shares pursuant to various stock plans, net of forfeitures and tax withholding cancellations	225,195						—
Stock-based compensation, net of tax settlements			(687)				(687)
Cash dividends declared on common stock (\$0.14 per share)				(17,948)			(17,948)
Comprehensive income:							
Net income				29,540			29,540
Other comprehensive loss						(4,088)	(4,088)
Repurchase of treasury stock	(604,161)				(6,705)		(6,705)
BALANCE, MARCH 31, 2026	127,822,689	\$ 146	\$ 1,523,015	\$ 1,183,986	\$ (271,372)	\$ (152,395)	\$ 2,283,380

See accompanying Notes to Consolidated Financial Statements (Unaudited)

HOPE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 29,540	\$ 21,096
Adjustments to reconcile net income to net cash from operating activities:		
Discount accretion, net of depreciation and amortization	15,143	10,197
Stock-based compensation expense	1,018	1,886
Provision for credit losses	8,650	4,800
Net gains on sales of loans	(3,703)	(4,920)
Net change in fair value of derivatives	(1,126)	(2,162)
Net gains on sales of investment securities AFS	(604)	—
Net change in deferred income taxes	1,572	3,645
Proceeds from sales of loans held for sale	63,635	27,161
Originations of loans held for sale	(73,673)	(7,148)
Originations of servicing assets	(1,630)	(1,444)
Net change in accrued interest receivable	(1,523)	1,183
Net change in other assets	4,837	6,374
Net change in accrued interest payable	(9,911)	(12,348)
Net change in other liabilities	(18,412)	(21,653)
Net cash provided by operating activities	13,813	26,667
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of interest earning deposits in other financial institutions	(7,688)	—
Investment securities available for sale:		
Purchase of securities	(277,890)	(54,041)
Proceeds from matured, called, or paid-down securities	118,551	71,030
Proceeds from sales of securities	34,076	—
Investment securities held to maturity:		
Proceeds from matured, called, or paid-down securities	4,488	3,041
Equity investments:		
Purchase of investments	(964)	(45,726)
Proceeds from redemptions of investments	—	62
Proceeds from sales of loans held for sale previously classified as held for investment	48,356	58,269
Net change in loans receivable	9,272	215,824
Purchase of premises and equipment	(2,011)	(2,659)
Investments in affordable housing partnerships	(4,499)	—
Proceeds from redemptions of tax credit investments	2,265	—
Net cash (used in) provided by investing activities	(76,044)	245,800
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	123,299	160,830
Proceeds from FHLB advances	—	100,000
Repayment of FHLB advances	—	(100,000)
Proceeds from FRB borrowings	—	172,000
Repayment of FRB borrowings	—	(311,000)
Purchase of treasury stock	(6,705)	—
Cash dividends paid on common stock	(17,948)	(16,908)
Taxes paid in net settlement of restricted stock	(1,705)	(2,106)
Net cash provided by financing activities	96,941	2,816
NET CHANGE IN CASH AND CASH EQUIVALENTS	34,710	275,283
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	560,059	458,199
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 594,769	\$ 733,482
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 115,600	\$ 128,360
Cash paid for income taxes, net	53	1,639
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Transfer from loans receivable to loans held for sale	45,865	59,068
Lease liabilities arising from obtaining ROU assets	2,345	482
New commitments to fund investments in renewable energy tax credits	25,000	—
Merger with Territorial (See Note 15 - “Acquisitions”):		
Identifiable assets acquired, net of cash	(3,213)	—
Goodwill	3,213	—

HOPE BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Hope Bancorp, Inc. (“Hope Bancorp” on a parent-only basis and the “Company” on a consolidated basis), headquartered in Los Angeles, California, is the holding company for Bank of Hope (the “Bank”). At March 31, 2026, the Bank operated 45 full-service branches in California, New York, New Jersey, Washington, Texas, Illinois, Georgia and Alabama under the Bank of Hope banner, and 28 branches in Hawaii under the Territorial Savings banner. The Bank also operates SBA loan production offices, commercial loan production offices, and residential mortgage loan production offices throughout the United States, and a representative office in Seoul, South Korea. The Bank is a California-chartered bank, and its deposits are insured by the FDIC to the extent provided by law. The Bank is an Equal Opportunity Lender. The Company is a corporation organized under the laws of the state of Delaware and a bank holding company registered under the Bank Holding Company Act of 1956, as amended.

The Consolidated Financial Statements included herein have been prepared without an audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”), except for the Consolidated Statement of Financial Condition at December 31, 2025, which was derived from the audited financial statements included in the Company’s 2025 Annual Report on Form 10-K. Certain information and footnote disclosures normally included in annual financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to such SEC rules and regulations.

The Consolidated Financial Statements include the accounts of Hope Bancorp and its wholly owned subsidiaries, principally the Bank. All intercompany transactions and balances have been eliminated in consolidation. The Company has made all adjustments, that, in the opinion of management, are necessary to fairly present the Company’s financial position at March 31, 2026 and December 31, 2025, and the results of operations for the three months ended March 31, 2026 and 2025. Certain reclassifications have been made to prior period amounts to conform to the current year presentation, and did not have an impact on the prior year net income or stockholders’ equity. The results of operations for the interim periods are not necessarily indicative of results to be anticipated for the full year.

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

These unaudited Consolidated Financial Statements should be read along with the audited Consolidated Financial Statements and accompanying Notes included in the Company’s 2025 Annual Report on Form 10-K.

2. Investment Securities

The following table summarizes the amortized cost and related fair value of investment securities available-for-sale (“AFS”) and securities held-to-maturity (“HTM”) and the corresponding amounts of gross unrealized gains and losses.

	March 31, 2026				December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in thousands)								
Debt securities AFS:								
U.S. Treasury securities	\$ 39,818	\$ 1	\$ —	\$ 39,819	\$ —	\$ —	\$ —	\$ —
U.S. Government agency and U.S. Government sponsored enterprises:								
Agency securities	9,900	—	(73)	9,827	—	—	—	—
Collateralized mortgage obligations (“CMO”)	690,691	1,170	(94,625)	597,236	706,528	1,116	(91,137)	616,507
Mortgage-backed securities (“MBS”):								
Residential	571,107	2,058	(48,745)	524,420	521,939	3,549	(48,105)	477,383
Commercial	537,610	1,150	(44,633)	494,127	502,092	1,807	(43,157)	460,742
Asset-backed securities	155,631	108	(49)	155,690	129,854	150	(4)	130,000
Corporate securities	23,008	—	(1,667)	21,341	23,009	—	(1,873)	21,136
Municipal securities	116,718	91	(9,418)	107,391	134,969	645	(8,300)	127,314
Total investment securities AFS	<u>\$ 2,144,483</u>	<u>\$ 4,578</u>	<u>\$ (199,210)</u>	<u>\$ 1,949,851</u>	<u>\$ 2,018,391</u>	<u>\$ 7,267</u>	<u>\$ (192,576)</u>	<u>\$ 1,833,082</u>
Debt securities HTM:								
U.S. Government agency and U.S. Government sponsored enterprises:								
MBS:								
Residential	\$ 130,923	\$ —	\$ (8,117)	\$ 122,806	\$ 133,121	\$ —	\$ (7,358)	\$ 125,763
Commercial	105,178	—	(6,008)	99,170	106,661	18	(5,418)	101,261
Total investment securities HTM	<u>\$ 236,101</u>	<u>\$ —</u>	<u>\$ (14,125)</u>	<u>\$ 221,976</u>	<u>\$ 239,782</u>	<u>\$ 18</u>	<u>\$ (12,776)</u>	<u>\$ 227,024</u>

The Company has elected to exclude accrued interest from the amortized cost of its investment debt securities. Accrued interest receivable for investment debt securities at March 31, 2026 and December 31, 2025, totaled \$7.8 million and \$8.3 million, respectively, and was included in accrued interest receivable on the Consolidated Statements of Financial Condition.

At March 31, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders’ equity.

Investments AFS and HTM of \$18.5 million and \$516.7 million, respectively, were acquired as part of the merger with Territorial Bancorp Inc. (“Territorial”) completed on April 2, 2025 (“the Merger”) and, immediately upon the Merger, all of the acquired investments were categorized as AFS according to management intent and sold. The investment securities were sold at a market value of \$535.2 million, with no gain or loss impact on the Consolidated Statements of Income. See [Note 15](#) - “Acquisitions” for additional information regarding the Merger with Territorial.

The table below summarizes the proceeds from and gains and losses on the sales of investment securities AFS, for the periods presented below.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Proceeds from sales of investment securities AFS	\$ 34,076	\$ —
Gains from sales of investment securities AFS	\$ 846	\$ —
Losses from sales of investment securities AFS	(242)	—
Net gain on sales of investment securities AFS	\$ 604	\$ —

At March 31, 2026 and December 31, 2025, \$136.0 million and \$129.3 million in unrealized losses on investment securities AFS, net of taxes, respectively, were included in accumulated other comprehensive loss.

The following table presents a breakdown of interest income recorded for investment securities that are taxable and nontaxable.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Interest income on investment securities:		
Taxable	\$ 18,893	\$ 15,359
Nontaxable	325	533
Total	\$ 19,218	\$ 15,892

The amortized cost and estimated fair value of investment securities at March 31, 2026, by contractual maturity, are presented in the table below. Collateralized mortgage obligations, mortgage-backed securities, and asset-backed securities are presented by final maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Debt securities:				
Due within one year	\$ 39,818	\$ 39,819	\$ —	\$ —
Due after one year through five years	—	—	30,513	30,238
Due after five years through ten years	97,384	93,695	—	—
Due after ten years	2,007,281	1,816,337	205,588	191,738
Total	\$ 2,144,483	\$ 1,949,851	\$ 236,101	\$ 221,976

Securities with carrying values of approximately \$344.6 million and \$229.2 million at March 31, 2026 and December 31, 2025, respectively, were pledged to secure public deposits, for various borrowings, and for other purposes as required or permitted by law.

The following tables show the Company's investments' gross unrealized losses and estimated fair values, aggregated by investment category and the length of time that the individual securities have been in a continuous unrealized loss position as of the dates indicated. The length of time that the individual securities have been in a continuous unrealized loss position is not a factor in determining credit impairment under the current expected credit losses ("CECL") accounting standard.

Description of Securities AFS	March 31, 2026								
	Less than 12 months			12 months or longer			Total		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(Dollars in thousands)								
U.S. Government agency and U.S. Government sponsored enterprises:									
Agency securities	1	\$ 9,827	\$ (73)	—	\$ —	\$ —	1	\$ 9,827	\$ (73)
CMOs	—	—	—	40	449,512	(94,625)	40	449,512	(94,625)
MBS:									
Residential	11	106,237	(1,084)	43	266,255	(47,661)	54	372,492	(48,745)
Commercial	13	114,590	(1,029)	41	272,561	(43,604)	54	387,151	(44,633)
Asset-backed securities	4	38,305	(49)	—	—	—	4	38,305	(49)
Corporate securities	1	3,960	(40)	4	17,381	(1,627)	5	21,341	(1,667)
Municipal securities	11	34,597	(488)	19	64,462	(8,930)	30	99,059	(9,418)
Total	41	\$ 307,516	\$ (2,763)	147	\$ 1,070,171	\$ (196,447)	188	\$ 1,377,687	\$ (199,210)

Description of Securities AFS	December 31, 2025								
	Less than 12 months			12 months or longer			Total		
	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(Dollars in thousands)								
U.S. Government agency and U.S. Government sponsored enterprises:									
CMOs	—	\$ —	\$ —	40	\$ 463,133	\$ (91,137)	40	\$ 463,133	\$ (91,137)
MBS:									
Residential	2	9,718	(19)	43	272,276	(48,086)	45	281,994	(48,105)
Commercial	7	64,572	(320)	41	272,407	(42,837)	48	336,979	(43,157)
Asset-backed securities	1	5,003	(4)	—	—	—	1	5,003	(4)
Corporate securities	1	3,946	(54)	4	17,190	(1,819)	5	21,136	(1,873)
Municipal securities	1	2,619	(12)	27	87,292	(8,288)	28	89,911	(8,300)
Total	12	\$ 85,858	\$ (409)	155	\$ 1,112,298	\$ (192,167)	167	\$ 1,198,156	\$ (192,576)

The Company had CMO, MBS, corporate, and municipal securities classified as AFS that were in a continuous loss position for twelve months or longer at March 31, 2026. The CMO and MBS were investments in U.S. Government agency and U.S. Government sponsored enterprises and have high credit ratings ("AA" grade or better). The interest on corporate and municipal securities that were in an unrealized loss position has been paid as agreed, and the Company believes this will continue in the future and that the securities will be paid in full as scheduled. The market value declines for these securities were primarily due to movements in interest rates and are not reflective of management's expectations of the Company's ability to fully recover any unrealized losses, which may be at maturity. Under CECL, the length of time that the fair value of investment securities has been less than amortized cost is not considered when assessing for credit impairment.

87.0% of the Company's investment portfolio at March 31, 2026, consisted of securities that were issued by U.S. Government agency and U.S. Government sponsored enterprises. Although a government guarantee exists on securities issued by U.S. Government sponsored agencies, these entities are not legally backed by the full faith and credit of the federal government, and the current support is subject to a cap as part of the Housing and Economic Recovery Act of 2008. Nonetheless, at this time the Company does not foresee any set of circumstances in which the government would not fund its commitments on these investments as the issuers are an integral part of the U.S. housing market in providing liquidity and stability. Therefore, the Company concluded that a zero allowance approach for these investments was appropriate. The Company also had four asset-backed security, five corporate securities, and 30 municipal bonds in unrealized loss positions at March 31, 2026. The Company performed an assessment of investments in unrealized loss positions for credit impairment and concluded that no allowance for credit losses was required at March 31, 2026.

Allowance for Credit Losses on Securities Available for Sale—The Company evaluates investment securities AFS in unrealized loss positions for impairment related to credit losses on at least a quarterly basis. Investment securities AFS in unrealized loss positions are first assessed as to whether the Company intends to sell, or if it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If one of the criteria is met, the security's amortized cost basis is written down to fair value through earnings. For securities that do not meet these criteria, the Company evaluates whether the decline in fair value resulted from credit losses or other factors. In evaluating whether a credit loss exists, the Company has set up an initial quantitative filter for impairment triggers. If the quantitative filter has been triggered, a security is placed on a watch list and an additional assessment is performed to identify whether a credit impairment exists. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security and the issuer, among other factors. If this assessment indicates that a credit loss exists, the Company compares the present value of cash flows expected to be collected from the security with the amortized cost basis. If the present value of cash flows expected to be collected is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded, limited to the amount that the fair value of the security is less than its amortized cost basis. Unrealized losses that have not been recorded through an allowance for credit losses are recognized in other comprehensive income, net of applicable taxes. The Company did not have an allowance for credit losses on investment securities AFS at March 31, 2026 and December 31, 2025.

Allowance for Credit Losses on Securities Held to Maturity—For each major HTM debt security type, the allowance for credit losses is estimated collectively for groups of securities with similar risk characteristics. For securities that do not share similar risk characteristics, the losses are estimated individually. Debt securities that are issued by a U.S. government agency or government-sponsored enterprises are highly rated by major rating agencies, and have a long history of no credit losses. Therefore, the Company applies a zero credit loss assumption on these investments. Any expected credit loss is recorded through the allowance for credit losses on investment securities HTM and deducted from the amortized cost basis of the security, so that the balance sheet reflects the net amount the Company expects to collect. At March 31, 2026, all of the Company's investment securities HTM were issued by a U.S. government agency or government-sponsored enterprises. The Company did not have an allowance for credit losses on investment securities HTM at March 31, 2026 and December 31, 2025.

3. Equity Investments

Equity Investments with Readily Determinable Fair Values

Equity investments with readily determinable fair values at March 31, 2026 and December 31, 2025, consisted of mutual funds in the amounts of \$4.4 million and \$4.5 million, respectively, and were included in equity investments on the Consolidated Statements of Financial Condition.

During the three months ended March 31, 2025, the Company purchased \$45.3 million in equity investments with readily determinable fair values, consisting of Community Reinvestment Act (“CRA”) mutual funds. There were no equity investments with readily determinable fair values that were purchased during the three months ended March 31, 2026.

The net gains recognized from changes in fair value for equity investments with readily determinable fair values for the three months ended March 31, 2026 and 2025, totaled \$28 thousand in net losses and \$626 thousand in net gains, respectively, and were recorded in other noninterest income and fees in the Consolidated Statements of Income.

Equity Investments without Readily Determinable Fair Values

At March 31, 2026 and December 31, 2025, the Company also had equity investments without readily determinable fair values, which were carried at cost less any determined impairment. The balance of these investments was adjusted for changes in subsequent observable prices, and was included in equity investments on the Consolidated Statements of Financial Condition. The table below summarizes equity investments without readily determinable fair values by type:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Correspondent bank stock	\$ 370	\$ 370
Community Development Financial Institutions (“CDFI”) investments	1,010	1,010
CRA investments	37,600	36,636
Total	<u>\$ 38,980</u>	<u>\$ 38,016</u>

The Company had no impairments or subsequent observable price changes for equity investments without readily determinable fair values for the three months ended March 31, 2026 and 2025.

4. Loans Receivable and Allowance for Credit Losses

The following is a summary of loans receivable by loan segment:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Loan portfolio composition		
Commercial real estate (“CRE”) loans	\$ 8,457,673	\$ 8,494,508
Commercial and industrial (“C&I”) loans	3,680,935	3,711,875
Residential mortgage loans	2,466,187	2,440,456
Consumer and other loans	34,894	54,173
Total loans receivable, net of deferred costs and fees	14,639,689	14,701,012
Allowance for credit losses	(155,114)	(156,661)
Loans receivable, net of allowance for credit losses	<u>\$ 14,484,575</u>	<u>\$ 14,544,351</u>

Loans receivable is stated at the amount of unpaid principal, adjusted for net deferred fees and costs, premiums and discounts, and purchase accounting fair value adjustments. The Company had net deferred costs of \$6.3 million and \$4.7 million at March 31, 2026 and December 31, 2025, respectively. Net discount on acquired loans at March 31, 2026 and December 31, 2025, totaled \$187.9 million and \$192.8 million, respectively.

The loan portfolio consists of four segments: CRE loans, C&I loans, residential mortgage loans, and consumer and other loans. CRE loans are extended for the purchase and refinance of commercial real estate and are generally secured by first deeds of trust and collateralized by multifamily residential or commercial properties. C&I loans are loans provided to businesses for various purposes such as working capital, purchasing inventory, debt refinancing, business acquisitions, international trade finance activities, and other business-related financing needs. CRE and C&I loans also include Small Business Administration (“SBA”) loans. Residential mortgage loans are extended for personal, family, or household use and are secured by a first mortgage or deed of trust. Consumer and other loans consist of home equity, and other personal loans.

The Company had loans receivable of \$14.64 billion at March 31, 2026, a decrease of \$61.3 million, or 0.4%, from December 31, 2025.

The Company had \$97.5 million in loans held for sale at March 31, 2026, compared with \$86.9 million at December 31, 2025. Loans held for sale at March 31, 2026, consisted of \$54.2 million in SBA loans, \$2.8 million in residential mortgage loans, and \$40.4 million in other C&I loans, compared with \$4.0 million in residential mortgage loans and \$82.9 million in C&I loans at December 31, 2025. Loans held for sale are not included in the loans receivable table presented above.

The tables below detail the activity in the allowance for credit losses (“ACL”) by portfolio segment for the three months ended March 31, 2026 and 2025.

	<u>CRE Loans</u>	<u>C&I Loans</u>	<u>Residential Mortgage Loans</u>	<u>Consumer and Other Loans</u>	<u>Total</u>
			(Dollars in thousands)		
Three Months Ended March 31, 2026					
Balance, beginning of period	\$ 85,144	\$ 60,172	\$ 10,557	\$ 788	\$ 156,661
Provision (credit) for credit loss on loans	5,974	4,268	(620)	(422)	9,200
Loans charged off	(907)	(10,162)	—	—	(11,069)
Recoveries of charge offs	90	231	—	1	322
Balance, end of period	<u>\$ 90,301</u>	<u>\$ 54,509</u>	<u>\$ 9,937</u>	<u>\$ 367</u>	<u>\$ 155,114</u>
	<u>CRE Loans</u>	<u>C&I Loans</u>	<u>Residential Mortgage Loans</u>	<u>Consumer and Other Loans</u>	<u>Total</u>
			(Dollars in thousands)		
Three Months Ended March 31, 2025					
Balance, beginning of period	\$ 88,374	\$ 57,243	\$ 4,438	\$ 472	\$ 150,527
Provision (credit) for credit loss on loans	(4,611)	8,565	1,211	35	5,200
Loans charged off	(905)	(7,555)	—	(88)	(8,548)
Recoveries of charge offs	6	171	—	56	233
Balance, end of period	<u>\$ 82,864</u>	<u>\$ 58,424</u>	<u>\$ 5,649</u>	<u>\$ 475</u>	<u>\$ 147,412</u>

The following tables break out the allowance for credit losses and loan balance by measurement methodology at March 31, 2026 and December 31, 2025:

	March 31, 2026				
	CRE Loans	C&I Loans	Residential Mortgage Loans (Dollars in thousands)	Consumer and Other Loans	Total
Allowance for credit losses:					
Individually evaluated	\$ 801	\$ 10,405	\$ 83	\$ —	\$ 11,289
Collectively evaluated	89,500	44,104	9,854	367	143,825
Total	<u>\$ 90,301</u>	<u>\$ 54,509</u>	<u>\$ 9,937</u>	<u>\$ 367</u>	<u>\$ 155,114</u>
Loans outstanding:					
Individually evaluated	\$ 51,776	\$ 42,538	\$ 14,053	\$ —	\$ 108,367
Collectively evaluated	8,405,897	3,638,397	2,452,134	34,894	14,531,322
Total	<u>\$ 8,457,673</u>	<u>\$ 3,680,935</u>	<u>\$ 2,466,187</u>	<u>\$ 34,894</u>	<u>\$ 14,639,689</u>

	December 31, 2025				
	CRE Loans	C&I Loans	Residential Mortgage Loans (Dollars in thousands)	Consumer and Other Loans	Total
Allowance for credit losses:					
Individually evaluated	\$ 2,846	\$ 12,260	\$ 87	\$ 2	\$ 15,195
Collectively evaluated	82,298	47,912	10,470	786	141,466
Total	<u>\$ 85,144</u>	<u>\$ 60,172</u>	<u>\$ 10,557</u>	<u>\$ 788</u>	<u>\$ 156,661</u>
Loans outstanding:					
Individually evaluated	\$ 65,106	\$ 53,136	\$ 13,198	\$ 307	\$ 131,747
Collectively evaluated	8,429,402	3,658,739	2,427,258	53,866	14,569,265
Total	<u>\$ 8,494,508</u>	<u>\$ 3,711,875</u>	<u>\$ 2,440,456</u>	<u>\$ 54,173</u>	<u>\$ 14,701,012</u>

At March 31, 2026 and December 31, 2025, reserves for unfunded loan commitments recorded in other liabilities were \$2.8 million and \$3.3 million, respectively. For the three months ended March 31, 2026 and 2025, the Company recorded a reduction to reserves for unfunded commitments of \$550 thousand and \$400 thousand, respectively.

Generally, loans are placed on nonaccrual status if principal and/or interest payments become 90 days or more past due, and/or management deems the collectability of the principal and/or interest to be in question, as well as when required by regulatory requirements. Loans to customers whose financial conditions have deteriorated are considered for nonaccrual status whether or not the loan is 90 days or more past due. Generally, payments received on nonaccrual loans are recorded as principal reductions. Loans are returned to accrual status only when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The Company does not recognize interest income while loans are on nonaccrual status.

The tables below represent the amortized cost of nonaccrual loans, as well as loans past due 90 or more days and still on accrual status, by loan segment and broken out by loans with a recorded ACL and those without a recorded ACL, at March 31, 2026 and December 31, 2025.

March 31, 2026					
	Nonaccrual with No ACL	Nonaccrual with an ACL	Total Nonaccrual ⁽¹⁾	Accruing Loans Past Due 90 Days or More	
	(Dollars in thousands)				
CRE loans	\$ 46,045	\$ 6,875	\$ 52,920	\$ —	
C&I loans	22,052	20,486	42,538	8,493	
Residential mortgage loans	5,321	8,733	14,054	2,149	
Consumer and other loans	—	—	—	—	
Total	\$ 73,418	\$ 36,094	\$ 109,512	\$ 10,642	

December 31, 2025					
	Nonaccrual with No ACL	Nonaccrual with an ACL	Total Nonaccrual ⁽¹⁾	Accruing Loans Past Due 90 Days or More	
	(Dollars in thousands)				
CRE loans	\$ 37,371	\$ 27,735	\$ 65,106	\$ 1,794	
C&I loans	17,665	35,471	53,136	—	
Residential mortgage loans	5,331	7,867	13,198	2,149	
Consumer and other loans	—	307	307	—	
Total	\$ 60,367	\$ 71,380	\$ 131,747	\$ 3,943	

⁽¹⁾ Total nonaccrual loans exclude the guaranteed portion of SBA loans that are in liquidation totaling \$19.4 million and \$15.6 million, at March 31, 2026 and December 31, 2025, respectively.

The following table presents the amortized cost of collateral-dependent loans at March 31, 2026 and December 31, 2025:

March 31, 2026						December 31, 2025		
	Real Estate Collateral	Other Collateral	Total	Real Estate Collateral	Other Collateral	Total		
	(Dollars in thousands)							
CRE loans	\$ 51,008	\$ —	\$ 51,008	\$ 59,525	\$ 1,089	\$ 60,614		
C&I loans	4,219	37,104	41,323	4,289	47,495	51,784		
Residential mortgage loans	6,577	—	6,577	5,331	—	5,331		
Total	\$ 61,804	\$ 37,104	\$ 98,908	\$ 69,145	\$ 48,584	\$ 117,729		

Collateral on loans is a significant portion of what secures collateral-dependent loans and significant changes to the fair value of the collateral can potentially impact ACL. During the three months ended March 31, 2026, the Company did not have any significant changes to the extent to which collateral secured its collateral-dependent loans, due to general deterioration or from other factors. At March 31, 2026 and December 31, 2025, real estate collateral securing CRE and C&I loans consisted of commercial real estate properties including hotel/motel, building, office, gas station, warehouse, mixed-use, multifamily properties and real estate collateral securing residential mortgage loans consisted of underlying residential mortgage loan homes. Collateral dependent loans secured by other collateral at March 31, 2026 and December 31, 2025, consisted of loans secured by tax credits, and underlying businesses.

Accrued interest receivable on loans totaled \$45.2 million at March 31, 2026, and \$43.5 million at December 31, 2025. The Company has elected to exclude accrued interest receivable in its estimates of expected credit losses because the Company writes off uncollectible accrued interest receivable in a timely manner. The Company considers writing off accrued interest amounts once the amounts become 90 days past due to be considered within a timely manner. The Company writes off accrued interest receivable by reversing interest income. The following table presents interest income reversals, due to loans being placed on nonaccrual status, by loan segment for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
CRE loans	\$ 241	\$ 99
C&I loans	19	141
Residential mortgage loans	35	37
Total	\$ 295	\$ 277

The following table presents the amortized cost of past due loans, including nonaccrual loans past due 30 or more days, by the number of days past due at March 31, 2026 and December 31, 2025, by loan segment:

	March 31, 2026				December 31, 2025			
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due
	(Dollars in thousands)							
CRE loans	\$ 11,833	\$ 3,992	\$ 43,493	\$ 59,318	\$ 9,403	\$ 4,129	\$ 44,560	\$ 58,092
C&I loans	7,943	273	39,982	48,198	2,189	759	22,449	25,397
Residential mortgage loans	20,782	1,775	8,314	30,871	5,994	5,703	8,052	19,749
Consumer and other loans	1	—	—	1	1,504	—	223	1,727
Total Past Due	\$ 40,559	\$ 6,040	\$ 91,789	\$ 138,388	\$ 19,090	\$ 10,591	\$ 75,284	\$ 104,965

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including, but not limited to, current financial information, historical payment experience, credit documentation, public information, and current economic trends. Homogeneous loans (i.e., home mortgage loans, home equity lines of credit, overdraft loans, express business loans, and automobile loans) are not risk rated and credit risk is analyzed largely by the number of days past due. This analysis is performed at least on a quarterly basis.

The definitions for risk ratings are as follows:

- **Pass:** Loans that meet a preponderance or more of the Company's underwriting criteria and evidence an acceptable level of risk.
- **Special Mention:** Loans that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
- **Substandard:** Loans that are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. Substandard loans are further subcategorized into those still accruing interest and those on nonaccrual status.
- **Doubtful:** Loans that have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or repayment in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The following tables present the amortized cost basis of loans receivable by segment, risk rating, and year of origination, renewal, or major modification at March 31, 2026 and December 31, 2025.

March 31, 2026									
	Term Loan by Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2026	2025	2024	2023	2022	Prior			
	(Dollars in thousands)								
CRE loans									
Pass	\$ 315,882	\$ 1,387,700	\$ 788,227	\$ 397,385	\$ 2,028,112	\$ 3,273,253	\$ 105,742	\$ 11,050	\$ 8,307,351
Special mention	—	—	4,398	—	13,211	33,405	—	—	51,014
Substandard	—	—	4,964	15,312	29,126	49,906	—	—	99,308
Subtotal	\$ 315,882	\$ 1,387,700	\$ 797,589	\$ 412,697	\$ 2,070,449	\$ 3,356,564	\$ 105,742	\$ 11,050	\$ 8,457,673
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ 166	\$ 9	\$ 732	\$ —	\$ —	\$ 907
C&I loans									
Pass	\$ 523,180	\$ 968,058	\$ 579,311	\$ 212,298	\$ 368,045	\$ 263,465	\$ 604,495	\$ 2,881	\$ 3,521,733
Special mention	—	—	1,125	11,476	655	1,507	5,391	—	20,154
Substandard	—	1,673	18,322	32,845	12,884	29,184	14,378	—	109,286
Doubtful / loss	—	—	4,416	2,194	23,152	—	—	—	29,762
Subtotal	\$ 523,180	\$ 969,731	\$ 603,174	\$ 258,813	\$ 404,736	\$ 294,156	\$ 624,264	\$ 2,881	\$ 3,680,935
Year-to-date gross charge offs	\$ —	\$ 115	\$ 106	\$ 7,201	\$ 2,734	\$ 6	\$ —	\$ —	\$ 10,162
Residential mortgage loans									
Pass	\$ 62,175	\$ 487,696	\$ 303,761	\$ 135,389	\$ 410,792	\$ 1,052,320	\$ —	\$ —	\$ 2,452,133
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	871	2,231	10,952	—	—	14,054
Subtotal	\$ 62,175	\$ 487,696	\$ 303,761	\$ 136,260	\$ 413,023	\$ 1,063,272	\$ —	\$ —	\$ 2,466,187
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer and other loans									
Pass	\$ 5,044	\$ 1,260	\$ 2,912	\$ 460	\$ 110	\$ 18	\$ 23,105	\$ 485	\$ 33,394
Special mention	—	—	—	—	—	—	—	1,500	1,500
Substandard	—	—	—	—	—	—	—	—	—
Subtotal	\$ 5,044	\$ 1,260	\$ 2,912	\$ 460	\$ 110	\$ 18	\$ 23,105	\$ 1,985	\$ 34,894
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total loans									
Pass	\$ 906,281	\$ 2,844,714	\$ 1,674,211	\$ 745,532	\$ 2,807,059	\$ 4,589,056	\$ 733,342	\$ 14,416	\$ 14,314,611
Special mention	—	—	5,523	11,476	13,866	34,912	5,391	1,500	72,668
Substandard	—	1,673	23,286	49,028	44,241	90,042	14,378	—	222,648
Doubtful / loss	—	—	4,416	2,194	23,152	—	—	—	29,762
Total	\$ 906,281	\$ 2,846,387	\$ 1,707,436	\$ 808,230	\$ 2,888,318	\$ 4,714,010	\$ 753,111	\$ 15,916	\$ 14,639,689
Total year-to-date gross charge offs	\$ —	\$ 115	\$ 106	\$ 7,367	\$ 2,743	\$ 738	\$ —	\$ —	\$ 11,069

December 31, 2025

	Term Loan by Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2025	2024	2023	2022	2021	Prior			
(Dollars in thousands)									
CRE loans									
Pass	\$ 1,430,615	\$ 802,249	\$ 429,368	\$ 2,058,865	\$ 1,691,770	\$ 1,828,027	\$ 93,163	\$ 11,046	\$ 8,345,103
Special mention	20	4,282	13,280	13,088	7,027	7,358	603	—	45,658
Substandard	—	1,548	4,478	30,030	32,104	35,587	—	—	103,747
Subtotal	\$ 1,430,635	\$ 808,079	\$ 447,126	\$ 2,101,983	\$ 1,730,901	\$ 1,870,972	\$ 93,766	\$ 11,046	\$ 8,494,508
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ 100	\$ —	\$ 1,461	\$ —	\$ —	\$ 1,561
C&I loans									
Pass	\$ 1,236,925	\$ 711,374	\$ 244,744	\$ 427,331	\$ 221,747	\$ 72,314	\$ 607,783	\$ 2,951	\$ 3,525,169
Special mention	238	1,848	10,513	10,426	990	815	22,015	—	46,845
Substandard	7,506	25,230	33,998	4,756	29,288	589	12,863	—	114,230
Doubtful / loss	—	—	2,360	23,271	—	—	—	—	25,631
Subtotal	\$ 1,244,669	\$ 738,452	\$ 291,615	\$ 465,784	\$ 252,025	\$ 73,718	\$ 642,661	\$ 2,951	\$ 3,711,875
Year-to-date gross charge offs	\$ 4,190	\$ 263	\$ 11,409	\$ 12,326	\$ 448	\$ 4,033	\$ —	\$ —	\$ 32,669
Residential mortgage loans									
Pass	\$ 487,906	\$ 307,380	\$ 140,012	\$ 418,492	\$ 418,904	\$ 654,564	\$ —	\$ —	\$ 2,427,258
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	825	1,368	1,980	9,025	—	—	13,198
Subtotal	\$ 487,906	\$ 307,380	\$ 140,837	\$ 419,860	\$ 420,884	\$ 663,589	\$ —	\$ —	\$ 2,440,456
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consumer and other loans									
Pass	\$ 12,555	\$ 9,512	\$ 2,335	\$ 2,299	\$ 140	\$ 2,319	\$ 23,206	\$ —	\$ 52,366
Special mention	—	—	—	—	—	—	1,500	—	1,500
Substandard	—	—	50	—	—	257	—	—	307
Subtotal	\$ 12,555	\$ 9,512	\$ 2,385	\$ 2,299	\$ 140	\$ 2,576	\$ 24,706	\$ —	\$ 54,173
Year-to-date gross charge offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,087	\$ —	\$ 1,087
Total loans									
Pass	\$ 3,168,001	\$ 1,830,515	\$ 816,459	\$ 2,906,987	\$ 2,332,561	\$ 2,557,224	\$ 724,152	\$ 13,997	\$ 14,349,896
Special mention	258	6,130	23,793	23,514	8,017	8,173	24,118	—	94,003
Substandard	7,506	26,778	39,351	36,154	63,372	45,458	12,863	—	231,482
Doubtful / loss	—	—	2,360	23,271	—	—	—	—	25,631
Total	\$ 3,175,765	\$ 1,863,423	\$ 881,963	\$ 2,989,926	\$ 2,403,950	\$ 2,610,855	\$ 761,133	\$ 13,997	\$ 14,701,012
Total year-to-date gross charge offs	\$ 4,190	\$ 263	\$ 11,409	\$ 12,426	\$ 448	\$ 5,494	\$ 1,087	\$ —	\$ 35,317

The Company may reclassify loans held for investment to loans held for sale in the event that the Company plans to sell loans that were originated with the intent to hold to maturity. Loans transferred from held for investment to held for sale are carried at the lower of cost or fair value. The breakdown of loans by segment that were reclassified from held for investment to held for sale for the three months ended March 31, 2026 and 2025, is presented in the following table:

	Three Months Ended March 31,	
	2026	2025
Transfer of loans held for investment to held for sale	(Dollars in thousands)	
CRE loans	\$ 27,842	\$ 35,526
C&I loans	18,023	23,542
Total	\$ 45,865	\$ 59,068

The Company calculates its ACL by estimating expected credit losses on a collective basis for loans that share similar risk characteristics. Loans that do not share similar risk characteristics with other loans are evaluated for credit losses on an individual basis. The Company differentiates its loan segments based on shared risk characteristics for which allowance for credit losses is measured on a collective basis.

	Risk Characteristics
CRE loans	Property type, location, owner-occupied status
C&I loans	Borrower asset size, risk rating, industry type
Residential mortgage loans	FICO score, LTV, delinquency status, maturity date, collateral value, location
Consumer and other loans	Historical losses

The Company uses a combination of a modeled and non-modeled approach that incorporates current and future economic conditions to estimate lifetime expected losses on a collective basis. The Company uses Probability of Default (“PD”), Loss Given Default (“LGD”), and Exposure at Default (“EAD”) methodologies with quantitative factors and qualitative considerations in the calculation of the allowance for credit losses for collectively assessed loans. The Company uses a reasonable and supportable period of two years, at which point loss assumptions revert back to historical loss information by means of a one-year reversion period. Included in the quantitative portion of the ACL analysis are inputs such as borrowers’ net operating income, debt coverage ratios, real estate collateral values, as well as factors that are more subjective or require management’s judgment, including key macroeconomic variables from Moody’s forecast scenarios such as GDP, unemployment rates, interest rates, and CRE prices. These key inputs are utilized in the Company’s models to develop PD and LGD assumptions used in the calculation of estimated quantitative losses.

The ACL for the Company’s construction and certain consumer loans is calculated based on a non-modeled approach that utilizes historical loss rates to estimate losses. A non-modeled approach was chosen for these loans as fewer data points exist, which could result in high levels of estimated loss volatility under a modeled approach. In the aggregate, non-modeled loans represented approximately 1% of the Company’s total loan portfolio at March 31, 2026.

The Company’s Economic Forecast Committee (“EFC”) reviews economic forecast scenarios that are incorporated in the Company’s ACL. The EFC reviews multiple scenarios provided to the Company by an independent third party and chooses a single scenario that best aligns with management’s expectation of future economic conditions. At March 31, 2026, the Company utilized the March 2026 consensus economic forecast scenario from Moody’s, as it best aligned with management’s expectations of future conditions. The forecast projected GDP growth of 2.6% in 2026, 2.0% for 2027, and 1.9% for 2028, with unemployment projected to be 4.5% for 2026, 4.3% for 2027, and 4.2% in 2028. CRE prices in the consensus scenario were expected to show improvement by 2027, with the CRE price index projected to (contract) grow (0.5%) for 2026, 1.9% for 2027, and 4.1% in 2028. The Company also utilized Moody’s December 2025 consensus economic forecast for the calculation of its December 31, 2025 ACL.

In order to quantify the credit risk impact of other trends and changes within the loan portfolio, the Company utilizes qualitative adjustments to the modeled and non-modeled estimated loss approaches. The parameters for making adjustments are established under a Credit Risk Matrix that provides different possible scenarios for each of the factors below. The Credit Risk Matrix and the possible scenarios enable the Bank to qualitatively adjust the quantitative loss ratio by as much as 25 basis points for each loan type pool. This matrix considers the following seven factors, which are patterned after the guidelines provided under the Interagency Policy Statement on the Allowance for Credit Losses:

- Changes in lending policies and procedures, including underwriting standards and collection, charge off, and recovery practices;
- Changes in the nature and volume of the loan portfolio;
- Changes in the experience, ability, and depth of lending management and staff;
- Changes in the trends of the volume and severity of past due loans, classified loans, nonaccrual loans, and other loan modifications;
- Changes in the quality of the loan review system and the degree of oversight by the management and the Board of Directors;
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations; and
- The effect of external factors, such as competition, legal requirements, and regulatory requirements on the level of estimated losses in the loan portfolio.

For loans that do not share similar risk characteristics such as nonaccrual loans above \$1.0 million, the Company evaluates these loans on an individual basis in accordance with ASC 326. Such nonaccrual loans are considered to have different risk profiles than performing loans and are therefore evaluated individually. The Company elected to collectively assess nonaccrual loans with balances below \$1.0 million along with the performing and accrual loans, in order to reduce the operational burden of individually assessing small nonaccrual loans with immaterial balances. For individually assessed loans, the ACL is measured using either 1) the present value of future cash flows discounted at the loan's effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral, if the loan is collateral-dependent. For the collateral-dependent loans, the Company obtains a new appraisal to determine the fair value of collateral. The appraisals are based on an "as-is" valuation. To ensure that appraised values remain current, the Company either obtains updated appraisals every twelve months from a qualified independent appraiser or an internal evaluation of the collateral is performed by qualified personnel. If the third-party market data indicates that the value of the collateral property has declined since the most recent valuation date, management adjusts the value of the property downward to reflect current market conditions. If the fair value of the collateral is less than the amortized balance of the loan, the Company recognizes an ACL with a corresponding charge to the provision for credit loss on loans.

The Company maintains a separate ACL for its off-balance-sheet unfunded loan commitments. The Company uses an estimated funding rate to allocate an allowance to undrawn exposures. This funding rate is used as a credit conversion factor to capture how much undrawn lines of credit can potentially become drawn at any point. The funding rate is determined based on a look-back period of eight quarters. Credit loss is not estimated for off-balance-sheet credit exposures that are unconditionally cancellable by the Company.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Company modifies loans to borrowers experiencing financial difficulty in the form of principal forgiveness, term extension, an other-than insignificant payment delay, or interest rate reduction (or a combination thereof). Payment delay may include loan modifications that allow borrowers to delay principal repayment and/or pay interest only for a set period of time.

The tables below present the amortized cost of loans modified to borrowers experiencing financial difficulty for the periods presented, disaggregated by loan segment and type of modification.

Three Months Ended March 31, 2026					
	CRE Loans	C&I Loans	Residential Mortgage Loans	Consumer and Other Loans	Total
	(Dollars in thousands)				
Payment delay	\$ —	\$ 24,928	\$ —	\$ —	\$ 24,928
Term extension	1,766	4,386	—	—	6,152
Total Loan Modifications	\$ 1,766	\$ 29,314	\$ —	\$ —	\$ 31,080
% of Loan Segment	0.02 %	0.80 %	— %	— %	0.21 %

Three Months Ended March 31, 2025					
	CRE Loans	C&I Loans	Residential Mortgage Loans	Consumer and Other Loans	Total
	(Dollars in thousands)				
Payment delay	\$ —	\$ —	\$ 8,577	\$ —	\$ 8,577
Term extension	—	3,463	—	—	3,463
Total Loan Modifications	\$ —	\$ 3,463	\$ 8,577	\$ —	\$ 12,040
% of Loan Segment	— %	0.09 %	0.74 %	— %	0.09 %

The following tables describe the financial effect of the loan modifications made to borrowers experiencing financial difficulty for the periods presented:

Financial Effect			
Modification & Loan Types	Description of Financial Effect	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Payment delay			
CRE loans	Length of payment delay by a weighted average of :	N/A	N/A
C&I loans	Length of payment delay by a weighted average of :	0.8 years	N/A
Residential mortgage loans	Length of payment delay by a weighted average of :	N/A	0.3 years
Term extension			
CRE loans	Extended term by a weighted average of:	0.5 years	N/A
C&I loans	Extended term by a weighted average of:	0.3 years	0.3 years

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following tables present the amortized cost basis of modified loans that, within 12 months of the modification date, experienced a subsequent default during the periods presented:

Three Months Ended March 31, 2026					
	CRE Loans	C&I Loans	Residential Mortgage Loans	Consumer and Other Loans	Total
	(Dollars in thousands)				
Payment delay	\$ —	\$ —	\$ 4,746	\$ —	\$ 4,746
Term extension	—	8,494	—	—	8,494
Total	\$ —	\$ 8,494	\$ 4,746	\$ —	\$ 13,240

Three Months Ended March 31, 2025					
	CRE Loans	C&I Loans	Residential Mortgage Loans	Consumer and Other Loans	Total
	(Dollars in thousands)				
Payment delay	\$ —	\$ —	\$ 2,544	\$ —	\$ 2,544
Total	\$ —	\$ —	\$ 2,544	\$ —	\$ 2,544

5. Goodwill, Intangible Assets, and Servicing Assets

Goodwill

The carrying amount of the Company's goodwill at March 31, 2026, and December 31, 2025, was \$484.1 million and \$480.9 million, respectively. The Company recorded goodwill of \$19.7 million as a result of the Merger with Territorial on April 2, 2025. There was no impairment of goodwill recorded during the three months ended March 31, 2026. The Company performed a remeasurement of certain assets acquired from Territorial and recorded an adjustment of \$3.2 million, net of taxes, as an increase to goodwill in the first quarter of 2026. See [Note 15](#) - "Acquisitions" for additional information regarding the Merger.

Goodwill and other intangible assets generated from business combinations and deemed to have indefinite lives are not subject to amortization and instead are tested for impairment annually at the reporting unit level unless a triggering event occurs thereby requiring an updated assessment. Goodwill represents the excess of the purchase price over the sum of the estimated fair values of the tangible and identifiable intangible assets acquired less the estimated fair value of the liabilities assumed. Impairment exists when the carrying value of the goodwill exceeds the fair value of the reporting unit.

At December 31, 2025, the Company performed a qualitative assessment to test for impairment and management has concluded that there was no impairment. There were no triggering events during the quarter ended March 31, 2026, that indicated goodwill was more than likely impaired. As the Company operates as single business unit, goodwill impairment was assessed based on the Company as a whole.

Intangible Assets

A core deposit intangible asset of \$46.5 million, representing 4.1% of core deposits, was recorded as part of the Merger with Territorial on April 2, 2025, and will amortize over a period of 15 years ending in 2040. See [Note 15](#) - "Acquisitions" for additional information regarding the Merger.

Amortization expense related to core deposit intangible assets totaled \$1.1 million and \$376 thousand for the three months ended March 31, 2026 and 2025, respectively. The following table provides information regarding the core deposit intangibles at March 31, 2026 and December 31, 2025:

Core Deposit Intangibles Related To:	Acquisition Year	Amortization Period	Gross Amount	March 31, 2026		December 31, 2025	
				Accumulated Amortization	Carrying Amount	Accumulated Amortization	Carrying Amount
				(Dollars in thousands)			
Wilshire Bancorp	2016	10 years	\$ 18,138	\$ (17,665)	\$ 473	\$ (17,310)	\$ 828
Territorial Bancorp	2025	15 years	46,520	(3,101)	43,419	(2,326)	44,194
Total			\$ 64,658	\$ (20,766)	\$ 43,892	\$ (19,636)	\$ 45,022

Servicing Assets

Total servicing assets at March 31, 2026 totaled \$13.6 million, comprising \$12.6 million in SBA servicing assets and \$1.0 million in mortgage related servicing assets. At December 31, 2025, servicing assets totaled \$13.0 million and comprised \$11.9 million in SBA servicing assets and \$1.1 million in mortgage related servicing assets.

Management periodically evaluates servicing assets for impairment based upon the fair value of the rights as compared to the carrying amount. Impairment is determined by stratifying rights into groupings based on loan type. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. At March 31, 2026 and December 31, 2025, the Company did not have a valuation allowance on its servicing assets.

The changes in servicing assets for the three months ended March 31, 2026 and 2025, were as follows:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Balance at beginning of period	\$ 12,954	\$ 10,051
Additions through originations of servicing assets	1,630	1,444
Amortization	(948)	(720)
Balance at end of period	<u>\$ 13,636</u>	<u>\$ 10,775</u>

Loans serviced for others are not reported as assets. The principal balances of loans serviced for other institutions was \$1.09 billion at both March 31, 2026, and December 31, 2025.

The Company utilizes the discounted cash flow method to calculate the initial excess servicing assets. The inputs used in evaluating servicing assets for impairment at March 31, 2026 and December 31, 2025, are presented below.

	March 31, 2026	December 31, 2025
SBA Servicing Assets:		
Weighted-average discount rate	10.50%	9.83%
Constant prepayment rate	8.49%	8.74%
Mortgage Servicing Assets:		
Weighted-average discount rate	10.69%	10.38%
Constant prepayment rate	3.17%	3.86%

6. Deposits

Total deposits of \$15.73 billion at March 31, 2026, were up \$123.3 million, or 0.8%, from \$15.60 billion at December 31, 2025. \$1.67 billion in deposits were assumed in the Merger with Territorial on April 2, 2025. At March 31, 2026, noninterest bearing demand deposits and money market and NOW accounts increased, while savings and time deposits decreased, compared with December 31, 2025.

The aggregate amount of time deposits in denominations of more than \$250 thousand at March 31, 2026 and December 31, 2025 was \$3.19 billion and \$3.21 billion, respectively. Included in time deposits of more than \$250 thousand was \$300.0 million in California State Treasurer's deposits at March 31, 2026 and December 31, 2025. The California State Treasurer's deposits are subject to withdrawal based on the State's periodic evaluations. The Company is required to pledge eligible collateral of at least 110% of outstanding deposits. At March 31, 2026 and December 31, 2025, a letter of credit issued by the FHLB for \$330.0 million was pledged as collateral for the California State Treasurer's deposits. At March 31, 2026, time deposits owned by state and local governments in Hawaii in amounts greater than or equal to \$250,000 were \$293.9 million, and were collateralized by investment securities with an aggregate fair value of \$315.6 million. At December 31, 2025, time deposits owned by state and local governments in Hawaii in amounts greater than or equal to \$250,000 were \$193.7 million, and were collateralized by investment securities with an aggregate fair value of \$205.5 million.

Brokered deposits at March 31, 2026 and December 31, 2025, totaled \$1.04 billion and \$902.0 million, respectively. Brokered deposits at March 31, 2026, consisted of \$557.5 million in money market and NOW accounts and \$482.7 million in time deposit accounts. Brokered deposits at December 31, 2025, consisted of \$455.8 million in money market and NOW accounts and \$446.1 million in time deposit accounts.

The aggregate amount of unplanned overdrafts of demand deposits that were reclassified as loans was \$3.9 million and \$2.5 million at March 31, 2026 and December 31, 2025, respectively.

The following is a breakdown of the Company's deposits at March 31, 2026 and December 31, 2025:

	March 31, 2026		December 31, 2025	
	Balance	Percentage (%)	Balance	Percentage (%)
	(Dollars in thousands)			
Noninterest bearing demand deposits	\$ 3,387,757	22 %	\$ 3,371,759	22 %
Money market and NOW accounts	4,965,613	31 %	4,700,146	30 %
Savings deposits	1,070,584	7 %	1,156,227	7 %
Time deposits	6,302,488	40 %	6,375,011	41 %
Total deposits	<u>\$ 15,726,442</u>	<u>100 %</u>	<u>\$ 15,603,143</u>	<u>100 %</u>

7. Borrowings

At March 31, 2026, borrowings totaled \$285.0 million compared with \$284.9 million at December 31, 2025. Borrowings at March 31, 2026 and December 31, 2025 were net of discounts totaling \$34 thousand and \$78 thousand, respectively, and had a weighted average effective rate of 3.32% and 3.32%, respectively.

The Company's borrowings at March 31, 2026 included borrowings with put options that entitle the FHLB to require the Company to prepay the borrowings without any prepayment penalties. The Company's borrowings at March 31, 2026 had remaining maturities of less than 12 months aside from the puttable borrowings of \$275.0 million, which had a remaining weighted average maturity of approximately 1.7 years.

The tables below summarize the Company's borrowing lines at March 31, 2026 and December 31, 2025:

	March 31, 2026			
	Total Borrowing Capacity	Borrowings Outstanding		Available Borrowing Capacity
		Amount	Weighted Average Rate	
	(Dollars in thousands)			
FHLB	\$ 4,304,815	\$ 285,000	3.32 %	\$ 4,019,815
FRB Discount Window	1,595,050	—	— %	1,595,050
Unsecured Federal Funds lines	331,180	—	— %	331,180
Total	<u>\$ 6,231,045</u>	<u>\$ 285,000</u>	3.32 %	<u>\$ 5,946,045</u>
	December 31, 2025			
	Total Borrowing Capacity	Borrowings Outstanding		Available Borrowing Capacity
		Amount	Weighted Average Rate	
	(Dollars in thousands)			
FHLB	\$ 4,298,514	\$ 285,000	3.32 %	\$ 4,013,514
FRB Discount Window	1,653,160	—	— %	1,653,160
Unsecured Federal Funds lines	331,180	—	— %	331,180
Total	<u>\$ 6,282,854</u>	<u>\$ 285,000</u>	3.32 %	<u>\$ 5,997,854</u>

The Company maintains a line of credit with the FHLB of San Francisco as a secondary source of funds. The borrowing capacity with the FHLB is limited to the lower of either 25% of the Bank's total assets or the Bank's collateral capacity. The terms of this credit facility require the Company to pledge eligible collateral with the FHLB equal to at least 100% of outstanding advances. At March 31, 2026 and December 31, 2025, loans with a carrying amount of \$8.80 billion and \$8.70 billion, respectively, were pledged at the FHLB for outstanding advances and remaining borrowing capacity. At March 31, 2026 and December 31, 2025, in addition to FHLB stock and loans pledged, a total market value of \$14.1 million and \$11.1 million in investment securities, respectively, were pledged as collateral to the FHLB. The purchase of FHLB stock is a prerequisite to become a member of the FHLB system, and the Company is required to own a certain amount of FHLB stock based on total asset size and outstanding borrowings.

The Company may also borrow from the FRB discount window up to the maximum amount, which is limited to 99% of the fair market value of the qualifying loans and securities that are pledged. At March 31, 2026 and December 31, 2025, the outstanding principal balance of the qualifying loans pledged at the FRB discount window was \$1.84 billion and \$1.90 billion, respectively. There were no investment securities pledged at the discount window at March 31, 2026 or December 31, 2025.

The Company also maintains unsecured federal funds borrowing lines with other banks. There were no borrowings outstanding from other banks at March 31, 2026 and December 31, 2025.

8. Convertible Notes and Subordinated Debentures

Convertible Notes

In 2018, the Company issued \$217.5 million aggregate principal amount of 2.00% convertible senior notes maturing on May 15, 2038, in a private offering to qualified institutional buyers under Rule 144A of the Securities Act of 1933. The convertible notes are not capital instruments but can be converted into shares of the Company's common stock at an initial rate of 45.0760 shares per \$1,000 principal amount of the notes (equivalent to an initial conversion price of approximately \$22.18 per share of common stock, which represented a premium of 22.50% to the closing stock price on the date of the pricing of the notes). Holders of the convertible notes have the option to convert all or a portion of the notes at any time on or after February 15, 2023. The convertible notes can be called by the Company, in part or in whole, on or after May 20, 2023, for 100% of the principal amount in cash. Holders of the convertible notes have the option to put the notes back to the Company on May 15, 2028, or May 15, 2033, for 100% of the principal amount in cash. The convertible notes can be settled in cash, stock, or a combination of stock and cash at the option of the Company.

On May 15, 2023, most holders of the Company's convertible notes elected to exercise their optional put right and the Company paid off \$197.1 million principal amount of notes in cash. During 2023, the Company also repurchased its notes in the aggregate principal amount of \$19.9 million and recorded a gain on debt extinguishment of \$405 thousand. The repurchased notes were immediately cancelled subsequent to the repurchase. These repurchases are separate from the optional put and were made through a third-party broker. No notes were repurchased or paid off in the three months ended March 31, 2026 or the year ended December 31, 2025.

The carrying value of the convertible notes at March 31, 2026 and December 31, 2025, was \$444 thousand. The capitalized issuance costs were fully amortized at both March 31, 2026 and December 31, 2025.

Interest expense on the convertible notes for the three months ended March 31, 2026 and 2025, was \$2 thousand for each period.

Subordinated Debentures

At March 31, 2026, the Company had nine wholly owned subsidiary grantor trusts that had issued \$126.0 million of pooled trust preferred securities. Trust preferred securities accrue and pay distributions periodically at specified annual rates as provided in the indentures. The trusts used the net proceeds from the offering to purchase a like amount of subordinated debentures. The subordinated debentures are the sole assets of the trusts. The Company's obligations under the subordinated debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of the obligations of the trusts. The trust preferred securities are mandatorily redeemable upon the maturity of the subordinated debentures, or upon earlier redemption as provided in the indentures. The Company has the right to redeem the subordinated debentures in whole or in part on a quarterly basis at a redemption price specified in the indentures plus any accrued but unpaid interest to the redemption date. The Company also has a right to defer consecutive payments of interest on the subordinated debentures for up to five years.

The following table is a summary of trust preferred securities and subordinated debentures at March 31, 2026:

Issuance Trust	Issuance Date	Trust Preferred Security Amount	Carrying Value of Subordinated Debentures	Rate Type	Current Rate	Maturity Date
(Dollars in thousands)						
Nara Capital Trust III	06/05/2003	\$ 5,000	\$ 5,155	Variable	7.09%	06/15/2033
Nara Statutory Trust IV	12/22/2003	5,000	5,155	Variable	6.78%	01/07/2034
Nara Statutory Trust V	12/17/2003	10,000	10,310	Variable	6.89%	12/17/2033
Nara Statutory Trust VI	03/22/2007	8,000	8,248	Variable	5.59%	06/15/2037
Center Capital Trust I	12/30/2003	18,000	15,836	Variable	6.78%	01/07/2034
Wilshire Trust II	03/17/2005	20,000	17,276	Variable	5.73%	03/17/2035
Wilshire Trust III	09/15/2005	15,000	12,435	Variable	5.34%	09/15/2035
Wilshire Trust IV	07/10/2007	25,000	19,997	Variable	5.32%	09/15/2037
Saehan Capital Trust I	03/30/2007	20,000	16,460	Variable	5.58%	06/30/2037
Total		\$ 126,000	\$ 110,872			

The carrying value of the subordinated debentures at March 31, 2026 and December 31, 2025, was \$110.9 million and \$110.5 million, respectively. At March 31, 2026 and December 31, 2025, acquired subordinated debentures had remaining discounts of \$19.0 million and \$19.4 million, respectively. The carrying balance of subordinated debentures is net of remaining discounts and includes common trust securities.

The Company's investment in the common trust securities of the issuer trusts was \$3.9 million at March 31, 2026 and December 31, 2025, and is included in other assets. Although the subordinated debentures issued by the trusts are not included as a component of stockholders' equity in the Consolidated Statements of Financial Condition, the debt is treated as capital for regulatory purposes. The Company's trust preferred security debt issuances (less common trust securities) are includable in Tier 1 capital up to a maximum of 25% of capital on an aggregate basis as they were grandfathered in under BASEL III. Any amount that exceeds 25% qualifies as Tier 2 capital.

9. Commitments and Contingencies

The following table presents a summary of commitments described below at the dates indicated below:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Unfunded commitments to extend credit	\$ 2,121,374	\$ 2,200,436
Standby letters of credit	199,456	154,067
Other letters of credit	30,475	18,848
Commitments to fund tax credit investments and CRA investments	63,345	36,266

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, commercial letters of credit, and commitments to fund tax credit investments and CRA investments. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Consolidated Statements of Financial Condition.

The Company's exposure to credit loss in the event of nonperformance on commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as the Company does for extending loan facilities to customers. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on the Company's credit evaluation of the counterparty. The types of collateral that the Company may hold can vary and may include accounts receivable, inventory, property, plant and equipment, and income-producing properties. The estimated exposure to loss from these commitments is included in the reserve for unfunded loan commitments, which amounted to \$2.8 million at March 31, 2026, and \$3.3 million at December 31, 2025.

In the normal course of business, the Company is involved in various legal claims. The Company has reviewed all legal claims against the Company with counsel and has taken into consideration the views of such counsel as to the potential outcome of the claims. Loss contingencies for all legal claims totaled \$459 thousand at March 31, 2026, and \$484 thousand at December 31, 2025. It is reasonably possible that the Company may incur losses in excess of the amounts currently accrued. However, at this time, the Company is unable to estimate the range of additional losses that are reasonably possible because of a number of factors, including the fact that certain of these litigation matters are still in their early stages. Management believes that none of these legal claims, individually or in the aggregate, will have a material adverse effect on the results of operations or financial condition of the Company.

10. Stockholders' Equity

Total stockholders' equity was \$2.28 billion at both March 31, 2026 and December 31, 2025.

On April 2, 2025, the Company acquired Territorial in an all-stock transaction. Pursuant to the merger agreement, Territorial shareholders received 0.8048 shares of the Company's common stock in exchange for each share of Territorial common stock owned, with cash paid in lieu of fractional shares. The Company issued 6,976,754 shares of the Company's common stock to Territorial shareholders valued at \$73.3 million as part of the transaction, based on the closing price of the Company's common stock on April 2, 2025. The pre-merger outstanding shares of the Company's common stock remained outstanding and were not affected by the Merger. See [Note 15](#) - "Acquisitions" for additional information regarding the Merger.

In January 2022, the Company's Board of Directors approved a share repurchase program that authorized the Company to repurchase up to \$50.0 million of its common stock. The Board of Directors reaffirmed the repurchase program in December 2025 and at March 31, 2026 \$28.6 million remained for repurchases. During the three months ended March 31, 2026, the Company repurchased 604,161 shares of common stock totaling \$6.7 million, which was recorded as treasury stock. See Part II, Item 2—"Unregistered Sales of Equity Securities and Use of Proceeds" for additional information.

For the three months ended March 31, 2026 and 2025, the Company paid dividends of \$0.14 per common share.

The following table presents the changes to accumulated other comprehensive loss for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Balance at beginning of period	\$ (148,307)	\$ (227,872)
Unrealized net (losses) gains on investment securities AFS	(8,719)	32,705
Unrealized net gains (losses) on interest rate contracts used for cash flow hedges	2,787	(1,184)
Reclassification adjustments for net losses (gains) realized in net income	202	(1,055)
Tax effect	1,642	(8,906)
Other comprehensive (loss) income, net of tax	(4,088)	21,560
Balance at end of period	\$ (152,395)	\$ (206,312)

Reclassifications for net gains and losses realized in net income for the three months ended March 31, 2026 and 2025, related to net gains on interest rate contracts designated as cash flow hedges, amortization on unrealized losses from transferred investment securities to HTM, and net gains and losses on sales of investment securities AFS. Gains and losses on interest rate contracts are recorded in interest income and interest expense in the Consolidated Statements of Income. The unrealized holding losses at the date of transfer on securities HTM will continue to be reported, net of taxes, in AOCI as a component of stockholders' equity and amortized over the remaining life of the securities as an adjustment to yield.

For the three months ended March 31, 2026 and 2025, the Company reclassified net gains of \$4 thousand and \$1.9 million on interest rate contracts designated as cash flow hedges, respectively, from other comprehensive income to net interest income.

For the three months ended March 31, 2026 and 2025, the Company recorded a reclassification adjustment of \$810 thousand and \$857 thousand, respectively, from other comprehensive income to a reduction of interest income, to amortize transferred unrealized losses to investment securities HTM.

For the three months ended March 31, 2026 and 2025, the Company reclassified net gains of \$604 thousand and \$0 on the sale of investment securities AFS, respectively, from other comprehensive income to noninterest income.

11. Earnings Per Share (“EPS”)

EPS are computed by dividing net income by the weighted average number of common shares outstanding for the period. Basic EPS does not reflect the possibility of dilution that could result from the issuance of additional shares of common stock upon exercise or conversion of outstanding equity awards or convertible notes. Diluted EPS reflects the potential dilution that could occur if stock options, convertible notes, employee stock purchase program (“ESPP”) shares, or other contracts to issue common stock were exercised or converted to common stock that would then share in earnings. For the three months ended March 31, 2026 and 2025, stock options and restricted share awards of 415,269 and 441,211 shares of common stock, respectively, were excluded in computing diluted earnings per common share because they were anti-dilutive.

Pursuant to the Territorial merger agreement, on April 2, 2025, Territorial shareholders received 0.8048 shares of Hope Bancorp common stock in exchange for each share of Territorial common stock; accordingly, the Company issued 6,976,754 shares, or \$73.3 million of equity, as part of the transaction, based on the closing price of the Company’s common stock on April 2, 2025. The Company previously issued \$217.5 million in convertible senior notes maturing on May 15, 2038, of which \$444 thousand remained outstanding at March 31, 2026. The convertible notes can be converted into the Company’s shares of common stock at an initial rate of 45.0760 shares per \$1,000 principal amount of the notes (See [Note 8](#) - “Convertible Notes and Subordinated Debentures” for additional information regarding convertible notes issued). Under the required if-converted method for calculating dilutive EPS for convertible instruments, the denominator of the diluted EPS calculation is adjusted to reflect the full number of common shares issuable upon conversion, while the numerator is adjusted to add back after-tax interest expense for the period. For the three months ended March 31, 2026 and 2025, shares related to the convertible notes issued were not included in the Company’s diluted EPS calculation. In accordance with the terms of the convertible notes and settlement options available to the Company, no shares would have been delivered to investors of the convertible notes based on the Company’s common stock price during the three months ended March 31, 2026 and 2025, as the conversion price exceeded the market price of the Company’s stock. As part of a board-approved share repurchase program, during the three months ended March 31, 2026, the Company repurchased 604,161 shares of common stock totaling \$6.7 million, which was recorded as treasury stock. At March 31, 2026, \$28.6 million remained available for the repurchase of additional stock under this program.

The following table presents computations of basic and diluted EPS for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,					
	2026			2025		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Earnings Per Share	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Earnings Per Share
	(Dollars in thousands, except share and per share data)					
Basic EPS - common stock	\$ 29,540	128,081,360	\$ 0.23	\$ 21,096	120,811,472	\$ 0.17
Effect of dilutive securities:						
Stock options and restricted stock		642,294			621,608	
Diluted EPS - common stock	\$ 29,540	128,723,654	\$ 0.23	\$ 21,096	121,433,080	\$ 0.17

12. Segment Reporting

The Company's reportable segment is determined by the Chief Executive Officer, who is designated as the chief operating decision maker ("CODM"), based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various line of businesses, which are then aggregated if operating performance, product/services, and customers are similar. The CODM evaluates the financial performance of the Company's businesses using revenue streams, comparative product pricing, and significant expenses to assess performance and return on assets. The CODM uses consolidated net income and profitability metrics to benchmark the Company against its competitors. Benchmarking analysis and monitoring of budget to actual results are used to assess performance and establish compensation. The CODM when making significant decisions takes into consideration certain financial metrics including loan growth, deposit growth, return on assets, return on average tangible common equity, efficiency ratio, and net interest margin.

Interest income from loans and other earning assets, and income from fee-based businesses provide banking operation revenue. Interest expense on deposits and other sources of funding, provisions for credit losses, and operating expenses, primarily salaries and employee benefits, occupancy, furniture and equipment, and data processing and communications, provide the significant expenses of banking operations. The Company currently operates as a single segment and all operations are domestic. The Merger did not result in any additional operating segments for the Company since Territorial branches became part of the Company's single segment.

The following table presents certain segment income statement information, including significant expense categories:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Net interest income	\$ 124,057	\$ 100,817
Provision for credit losses	(8,650)	(4,800)
Noninterest income	16,967	15,688
Noninterest expense	(94,455)	(83,861)
Income before income taxes	37,919	27,844
Significant segment expenses		
Salaries and employee benefits	\$ 56,223	\$ 48,460
Occupancy, furniture and equipment	10,566	8,836
Software-related expense	6,285	4,588
Data and item processing	3,568	2,362
Merger and restructuring-related costs	234	2,519

The following table presents certain segment balance sheet information:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Total assets	\$ 18,656,864	\$ 18,531,626
Investment securities AFS and HTM	2,185,952	2,072,864
Total loans receivable	14,639,689	14,701,012
Total deposits	15,726,442	15,603,143

13. Stock-Based Compensation

In May 2024, the Company's stockholders approved the 2024 Equity Incentive Plan (the "2024 Plan"), which provides for grants of stock options, stock appreciation rights ("SAR"), restricted stock, performance shares, and performance units to non-employee directors and employees of the Company. Stock options may be either incentive stock options ("ISOs"), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or nonqualified stock options ("NQSOs").

The 2024 Plan provides the Company flexibility to (i) attract and retain qualified non-employee directors, executives, and other key employees with appropriate equity-based awards; (ii) motivate high levels of performance; (iii) recognize employees' contributions to the Company's success; and (iv) align the interests of the participants with those of the Company's stockholders. The 2024 Plan reserved for 4,500,000 shares available for grant to participants. At March 31, 2026, there were 2,513,491 remaining shares available for future grants under the 2024 Plan. The pool of available shares can be partially replenished for future grants to the extent there are forfeitures, expirations or otherwise terminations of existing equity awards without issuance of the shares underlying such awards. The exercise price for shares under an ISO may not be less than 100% of fair market value on the date the award is granted under the Code. Similarly, under the terms of the 2024 Plan, the exercise price for SARs and NQSOs may not be less than 100% of fair market value on the date of grant. Performance units are awarded to participants at the market price of the Company's common stock on the date of award, after the lapse of the restriction period and the attainment of the performance criteria. All options not exercised generally expire 10 years after the date of grant.

ISOs, SARs, and NQSOs have vesting periods of three to five years and have 10-year contractual terms. Restricted stock, performance shares, and performance units are granted with a restriction period of not less than one year from the grant date for performance-based awards and not more than three years from the grant date for time-based vesting of grants. Compensation expense for awards is recognized over the vesting period.

With the exception of the shares that are underlying stock options and restricted stock awards, the Board of Directors may choose to settle the awards by paying the equivalent cash value or by delivering the appropriate number of shares.

The following is a summary of the stock option activity under the Company's plans for the three months ended March 31, 2026:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (Dollars in thousands)
Outstanding - January 1, 2026	400,660	\$ 17.10		
Granted	—	—		
Exercised	—	—		
Expired	—	—		
Forfeited	—	—		
Outstanding - March 31, 2026	400,660	\$ 17.10	0.40	\$ —
Options exercisable - March 31, 2026	400,660	\$ 17.10	0.40	\$ —

The following is a summary of the restricted stock and performance unit activity under the Company's plans for the three months ended March 31, 2026:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding (unvested) - January 1, 2026	2,108,923	\$ 10.57
Granted	26,740	12.10
Vested	(382,407)	10.96
Forfeited	(238,225)	9.98
Outstanding (unvested) - March 31, 2026	1,515,031	\$ 10.59

The total fair value of restricted stock and performance units vested during the three months ended March 31, 2026 and 2025, was \$4.2 million and \$5.5 million, respectively.

The total amounts charged against income related to stock-based payment arrangements were \$1.0 million and \$1.9 million for the three months ended March 31, 2026 and 2025, respectively. The income tax benefit recognized was approximately \$292 thousand and \$555 thousand for the three months ended March 31, 2026 and 2025, respectively.

Since all stock option grants were vested at March 31, 2026, there was no unrecognized compensation expense related to non-vested stock option grants. Unrecognized compensation expense related to non-vested restricted stock and performance units at March 31, 2026 was \$9.9 million, and is expected to be recognized over a weighted average vesting period of 1.84 years.

14. Income Taxes

For the three months ended March 31, 2026, the Company recorded an income tax provision of \$8.4 million on pretax income of \$37.9 million, representing an effective tax rate of 22.10%, compared with an income tax provision of \$6.7 million on pretax income of \$27.8 million, representing an effective tax rate of 24.24% for the three months ended March 31, 2025.

The year-over-year changes in the income tax provision or benefit, and effective tax rates for the three months ended March 31, 2026, compared with the three months ended March 31, 2025, reflected the impact of renewable energy tax credit investments made in the first quarter of 2026 and a lower California state tax apportionment.

The Company and its subsidiaries are subject to U.S. federal income tax, as well as state income taxes. The Company had total unrecognized tax benefits of \$636 thousand at both March 31, 2026 and December 31, 2025, that relate to uncertainties associated with federal and state income tax matters.

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities (without regard to certain changes to deferred taxes). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. In assessing the realization of deferred tax assets, management evaluates both positive and negative evidence, including the existence of any cumulative losses in the current year and the prior two years, the amount of taxes paid in available carry-back years, the forecasts of future income, applicable tax planning strategies, and assessments of current and future economic and business conditions. This analysis is updated quarterly and adjusted as necessary. Based on the analysis, the Company has determined that a valuation allowance for deferred tax assets was not required at March 31, 2026 or December 31, 2025.

15. Acquisitions

Pending Acquisition of the Commercial Banking Unit of SMBC MANUBANK

On March 31, 2026, the Company's wholly owned subsidiary, Bank of Hope, entered into a definitive agreement under which the Bank will acquire certain assets and liabilities of the Commercial Banking Unit of SMBC MANUBANK ("SMBC"), a subsidiary of Sumitomo Mitsui Banking Corporation Americas Holdings, Inc. and Sumitomo Mitsui Banking Corporation. Under the terms of the definitive agreement, the Bank will be purchasing assets and liabilities consisting mostly of loans and deposits to be settled in 100% cash. In addition, the Bank and SMBC intend to enter into a collaboration and partnership agreement to provide banking services to SMBC's Japanese commercial and retail customers needing banking services in the United States. The transaction is expected to close in the second half of 2026, subject to regulatory approvals and the satisfaction of other customary closing conditions.

Acquisition of Territorial Bancorp Inc.

On April 2, 2025, the Company completed the acquisition of Territorial Bancorp Inc., a Maryland corporation and its wholly owned subsidiary, Territorial Savings Bank, headquartered in Honolulu, Hawaii, in accordance with the Agreement and Plan of Merger by and between the Company and Territorial entered into on April 26, 2024. Under the merger agreement, Territorial merged with and into the Company, immediately followed by the merger of Territorial's subsidiary bank, Territorial Savings Bank, with and into the Company's subsidiary bank, Bank of Hope, with the Bank of Hope being the surviving bank. The Company acquired Territorial to expand its domestic presence to the Hawaii market, increase its low-cost deposits base, and to further diversify the Company's loan portfolio by acquiring Territorial's residential mortgage loan portfolio. After acquisition accounting adjustments, \$1.92 billion in assets were acquired through the transaction, including \$1.07 billion in loans receivable, and \$1.67 billion in deposits were assumed. Following the Merger, the Bank currently operates 28 branches in Hawaii under the trade name Territorial Savings.

Pursuant to the merger agreement, Territorial shareholders received 0.8048 shares of the Company's common stock in exchange for each share of Territorial common stock owned, with cash paid in lieu of fractional shares. The Company issued 6,976,754 shares of the Company's common stock to Territorial shareholders valued at \$73.3 million, based on the closing price of the Company's common stock on April 2, 2025. The pre-merger outstanding shares of the Company's common stock remained outstanding and were not affected by the Merger.

The Company applied the acquisition method of accounting for the Merger with Territorial under ASC 805 "Business Combinations". Under the acquisition method of accounting, the acquiring entity in a business combination recognizes 100 percent of the assets acquired and liabilities assumed at their acquisition date fair values. Management utilized valuation techniques appropriate for the asset or liability being measured in determining these fair values. Any excess of the purchase price over amounts allocated to assets acquired, including identifiable intangible assets, and liabilities assumed was recorded as goodwill. Where amounts allocated to assets acquired and liabilities assumed was greater than the purchase price, a bargain purchase gain is recognized. Merger-related costs are expensed as incurred as merger and integration expense. The Company determined that the Merger with Territorial was not "significant" under the definition as stated in SEC rules and regulations.

Consideration Paid and Net Assets Acquired

The consideration paid, the assets acquired, and the liabilities assumed are summarized in the following table:

	April 2, 2025
	(Dollars in thousands)
Consideration paid:	
Hope common stock issued in exchange for Territorial common stock	\$ 73,326
Cash paid in lieu of fractional shares	5
Total consideration paid	\$ 73,331
Assets acquired:	
Cash and cash equivalents	\$ 86,902
Investment securities AFS	18,530
Investment securities HTM	516,665
Loans receivable, net	1,067,238
FHLB and FRB stock	11,697
Premises and equipment	16,715
Accrued interest receivable	5,218
Deferred tax assets, net	79,531
BOLI	49,896
Operating lease ROU assets	22,737
Core deposit intangible ("CDI")	46,520
Other assets	3,105
Liabilities assumed:	
Deposits	(1,670,633)
Borrowings	(160,770)
Accrued interest payable	(944)
Operating lease liabilities	(21,115)
Other liabilities	(17,640)
Total identifiable net assets acquired	\$ 53,652
Excess of consideration paid over fair value of net assets acquired, or goodwill	\$ 19,679

Fair values are primarily determined using inputs that are not observable from market-based information. Management may further adjust the provisional fair values during a measurement of up to one year from the acquisition date. Goodwill recorded from the Merger reflects expected cost savings and increased revenue opportunities through offering a broader array of products and services to the strategically important market of Hawaii. None of the goodwill recognized in this transaction is expected to be deductible for income tax purposes as the acquisition was accounted for as a tax-free exchange. The Company performed a remeasurement of certain assets acquired from Territorial and recorded an adjustment to goodwill in the first quarter of 2026.

Determination of Fair Values

The following is a description of the methods used to determine the fair values of significant assets acquired and liabilities assumed from Territorial.

Cash and cash equivalents - The carrying amount of these items was a reasonable estimate of their fair value based on the short-term nature of these assets.

Investment securities - The acquired investment securities were sold immediately after the Merger. The actual sales prices of securities were used as the fair value, rather than the quoted market price, as sales prices were determined to be the best indicator of fair value as of the acquisition date.

Loans receivable - The fair value of loans was estimated on an individual basis based on the characteristics for each loan. The discounted cash flow method was used to project cash flows for each loan using assumptions for rate, remaining maturity, prepayment speeds, projected default probabilities, loss given defaults, and estimates of prevailing discount rates.

The Company has early adopted ASU 2025-08, “*Financial Instruments—Credit Losses (Topic 326): Purchased Loans*”, which required the Company to record a one-time adjustment on purchased seasoned loans from Territorial using the gross-up approach. The gross-up approach refers to the practice of recording certain purchased assets at the purchase price plus a Day 1 ACL. See Note 1 - “Summary of Significant Accounting Policies, Accounting Pronouncements Adopted” of the Company’s audited Consolidated Financial Statements, included in its 2025 Annual Report on Form 10-K, for additional information regarding the ASU adoption.

The acquired loans totaling \$1.28 billion were valued at \$1.07 billion. Net discounts of \$202.0 million and \$3.8 million on PSL and PCD loans, respectively, were recorded as reductions to loans receivable on the Company’s Consolidated Statements of Financial Condition, the noncredit balance of which will be amortized or accreted using the effective interest rate method, at an individual loan level basis, as an adjustment to loan interest income on the Consolidated Statements of Income over the remaining life of each loan.

In addition, an initial allowance for credit losses on PSL and PCD loans of \$3.9 million and \$63 thousand, respectively, was recorded on the Consolidated Statements of Financial Condition at the date of acquisition with no impact on the Consolidated Statements of Income, and was included in the initial amortized cost basis for the loans. The ACL on acquired loans was determined using a methodology consistent with the ACL on the Company’s existing loan receivables portfolio.

Loans were classified as PCD if they were on nonaccrual status, 60 days past due or greater, or had been 30 days past due more than twice, 60 days past due more than once, or were ever 90+ days past due.

The acquired PCD loans are summarized in the following table:

	April 2, 2025
	(Dollars in thousands)
Amortized cost of acquired PCD loans	\$ 19,203
Day 1 ACL on PCD loans	(63)
Noncredit discount on PCD loans	(3,757)
Fair value of acquired PCD loans	<u><u>\$ 15,383</u></u>

Deferred tax assets, net - Under ASC 805-740, deferred taxes were recognized for the differences between the tax bases and the amounts recognized for financial reporting purposes of the assets acquired and liabilities assumed in a business combination.

Bank owned life insurance (“BOLI”) - The cash surrender value of Territorial’s BOLI was representative of the fair value of BOLI at acquisition date.

Leases - Under ASC 805, an acquiring company is required to adjust the ROU asset on operating leases to reflect favorable and unfavorable terms of the lease when compared with market terms at the point of acquisition. The adjustment represents the difference between the present value of current and future contract lease obligations and the estimated market lease rates over the remaining term of the lease. The favorable or unfavorable adjustments will be amortized or accreted on a straight-line basis over the remaining term of the lease agreements, to noninterest expense on the Consolidated Statements of Income.

Core deposit intangible (“CDI”) - The CDI represents the low cost of funding that acquired core deposits provide relative to the Company’s marginal cost of funds. The Company calculated the CDI from Territorial using the income approach, which estimates CDI valuation based on the cost savings a company will realize from acquiring low-cost, stable core deposits compared to alternative sources of funding. The Company will amortize the CDI over its estimated useful life.

Deposits - The fair values used for demand, savings and money market deposits were equal to the amount payable on demand at the acquisition date. The fair value of time deposits was estimated by discounting the estimated future cash flows using current rates offered for deposits with similar remaining maturities. Premiums and discounts will be accreted on a straight-line basis as a decrease and increase, respectively, to time deposit interest expense on the Consolidated Statements of Income, over the remaining weighted average term of each category of time deposits.

Borrowings - The fair value of FHLB advances was estimated by discounting the estimated future cash flows using rates available to the Company for debt with similar remaining maturities along with applicable prepayment fees. The fair value adjustment on outstanding FHLB advances will be amortized over the remaining term of the advances.

Pro Forma Information

The operating results for Territorial are included in the Condensed Consolidated Statements of Income beginning on the acquisition date of April 2, 2025.

The following unaudited combined pro forma information presents the operating results for the three months ended March 31, 2026 and 2025, as if the Territorial acquisition had occurred on January 1, 2024. The pro forma results are presented for illustrative purposes only and are not intended to represent or be indicative of the actual results of operations of the merged companies that would have been achieved had the acquisitions occurred on January 1, 2024, nor are they intended to represent or be indicative of future results of operations.

The pro forma information is based on the Company's actual pre-tax income, excluding certain merger-related items, including noninterest expenses and provision for credit losses, and applying a pro forma effective tax rate. The historical pro forma information uses Territorial's first quarter 2025 pre-tax income as a run-rate proxy of Territorial's contribution in the period of comparison, excluding certain merger-related items in the historical periods, and applying a pro forma effective tax rate.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Revenue (Net interest income and noninterest income)	\$ 141,024	\$ 128,650
Net income	32,216	22,405

The pro forma results do not include expected operating cost savings or income synergies as a result of the acquisitions. In addition, merger-related expenses shown in the section below were not included in the pro forma information. These pro forma results require significant estimates and judgments particularly as it relates to the valuation and accretion of income associated with acquired loans.

Merger-Related Expenses

The following table presents merger-related expenses associated with the Merger, which were included in the Consolidated Statements of Income as provision for credit losses and noninterest expense. Merger-related expenses consisted primarily of salaries and benefits, professional services, and other noninterest expenses.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Merger-related expenses	\$ 234	\$ 2,353

16. Derivative Financial Instruments

As part of the Company's overall interest rate risk management, the Company enters into derivative instruments, including interest rate swaps, collars, caps, floors, foreign exchange contracts, risk participation agreements and mortgage banking derivatives. The notional amount does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual agreements. Derivative instruments are recognized on the balance sheet at their fair value and are not reported on a net basis.

The tables below present the fair value of the Company's derivative financial instruments at March 31, 2026 and December 31, 2025. The Company's derivative assets and derivative liabilities are located within "Other assets" and "Other liabilities," respectively, on the Company's Consolidated Statements of Financial Condition.

	March 31, 2026		
	Notional Amount	Fair Value ⁽¹⁾	
		Other Assets	Other Liabilities
		(Dollars in thousands)	
Derivatives designated as cash flow hedges			
Interest rate swaps	\$ 625,000	\$ —	\$ —
Interest rate collars	500,000	—	(42)
Total	\$ 1,125,000	\$ —	\$ (42)
Derivatives not designated as hedges			
Interest rate contracts with correspondent banks	\$ 1,458,448	\$ 25,749	\$ (8,918)
Interest rate contracts with customers	1,458,448	8,918	(26,162)
Foreign exchange contracts with correspondent banks	14,166	426	(22)
Foreign exchange contracts with customers	2,751	—	(52)
Risk participation agreement	130,616	—	(8)
Mortgage banking derivatives	4,359	71	(46)
Total	\$ 3,068,788	\$ 35,164	\$ (35,208)

⁽¹⁾ The fair values of centrally-cleared derivative contracts are presented net of settled-to-market margin.

	December 31, 2025		
	Notional Amount	Fair Value ⁽¹⁾	
		Other Assets	Other Liabilities
	(Dollars in thousands)		
Derivatives designated as cash flow hedges			
Interest rate swaps	\$ 625,000	\$ —	\$ —
Interest rate collars	500,000	27	—
Total	\$ 1,125,000	\$ 27	\$ —
Derivatives not designated as hedges			
Interest rate contracts with correspondent banks	\$ 1,314,389	\$ 24,503	\$ (12,702)
Interest rate contracts with customers	1,314,389	12,702	(24,938)
Foreign exchange contracts with correspondent banks	19,910	149	(108)
Risk participation agreement	131,885	—	(15)
Mortgage banking derivatives	3,202	27	(15)
Total	\$ 2,783,775	\$ 37,381	\$ (37,778)

⁽¹⁾ The fair values of centrally-cleared derivative contracts are presented net of settled-to-market margin.

Derivatives designated as cash flow hedges

The Company's interest rate contracts designated as cash flow hedges were determined to be fully effective during the periods presented and were hedged to financial instruments tied to term SOFR and Federal Funds Rate. The aggregate fair value of the cash flow hedges are recorded in assets or liabilities on the Consolidated Statements of Financial Condition, with changes in fair value recorded in other comprehensive income on the Consolidated Statements of Comprehensive Income. The gain or loss on derivatives is recorded in accumulated other comprehensive income ("AOCI") and is subsequently reclassified into interest income and interest expense in the period, during which the hedged forecasted transaction affects earnings. Amounts reported in AOCI related to interest rate agreements will be reclassified to interest income and interest expense as interest payments are received or paid on the Company's derivatives. The Company expects the hedges to remain fully effective throughout the remaining terms. The Company expects to reclassify, during the next 12 months, approximately \$214 thousand, net of taxes, from AOCI as a decrease to net interest income, including a decrease of \$2.3 million from terminated swaps.

At March 31, 2026, \$4.1 million in pre-tax losses attributable to terminated swaps were included in AOCI, and will be amortized as a reduction to net interest income over an expected remaining period of 1.5 years. This represents the unamortized fair value adjustments on \$1.00 billion in notional value of terminated receive fixed swaps that were designated as cash flow hedges on the changes in cash flows associated with certain variable rate loans. The termination of the swaps was performed to reduce prolonged exposure to higher interest rates. Prior to the termination of the swaps, the change in value of the swaps was recorded through accumulated other comprehensive income.

The table below presents the gains (losses) on derivative instruments designated as cash flow hedges, that were reclassified from AOCI into earnings for the periods indicated:

Derivative Instruments Designated as Cash Flow Hedges	Location of Gain (Loss) Recognized in Income	Three Months Ended March 31,	
		2026	2025
(Dollars in thousands)			
Interest rate contracts	Interest income and fees on loans	\$ (791)	\$ (997)
Interest rate contracts	Interest expense on deposits	795	1,876
Interest rate contracts	Interest expense on FHLB and FRB borrowings	—	1,033
Total		\$ 4	\$ 1,912

Derivatives not designated as hedges

The Company's derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers.

The Company offers a loan hedging program to certain loan customers. Through this program, the Company originates a variable rate loan with the customer. The Company and the customer will then enter into a fixed interest rate swap. Simultaneously, an identical offsetting swap is entered into by the Company with a correspondent bank. These "back-to-back" swap arrangements are intended to offset each other and allow the Company to book a variable rate loan, while providing the customer with a contract for fixed interest payments. In these arrangements, the Company's net cash flow is equal to the interest income received from the variable rate loan originated with the customer. These customer interest rate contracts are not designated as hedging instruments and are recorded at fair value in other assets and other liabilities on the Consolidated Statements of Financial Condition. The change in fair value is recognized in the Consolidated Statements of Income as other income and fees.

The Company offers foreign exchange contracts to customers to purchase and/or sell foreign currencies at set rates in the future. The foreign exchange contracts allow customers to hedge the foreign exchange rate risk of their deposits and loans denominated in foreign currencies. In conjunction with this, the Company also enters into offsetting back-to-back contracts with institutional counterparties to hedge the Company's foreign exchange rate risk. The Company also enters into certain foreign exchange contracts with institutional counterparties, including non-deliverable forward contracts, to manage its foreign exchange rate risk. These foreign exchange contracts are not designated as hedging instruments and are recorded at fair value in "Other assets" and "Other liabilities" on the Consolidated Statements of Financial Condition. During the three months ended March 31, 2026 and 2025, the changes in fair value on foreign exchange contracts were gains of \$311 thousand and losses of \$426 thousand, respectively, and were recognized in the Consolidated Statements of Income as other income and fees.

The Company had risk participation agreements with an outside counterparty for interest rate swaps related to loans in which it is a participant. The risk participation agreements provide credit protection to the financial institution should the borrowers fail to perform on their interest rate derivative contracts. Risk participation agreements are credit derivatives not designated as hedges. Credit derivatives are not speculative and are not used to manage interest rate risk in assets or liabilities. Changes in the fair value of credit derivatives are recognized directly in earnings. The fee received, less the estimate of the loss for credit exposure, is recognized in earnings at the time of the transaction.

The Company enters into various stand-alone mortgage-banking derivatives in order to hedge the risk associated with the fluctuation of interest rates. Changes in fair value are recorded as mortgage banking revenue. Residential mortgage loans funded with interest rate lock commitments and forward commitments for the future delivery of mortgage loans to third party investors are considered derivatives.

17. Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date reflecting assumptions that a market participant would use when pricing an asset or liability. There are three levels of inputs that may be used to measure fair value. The fair value inputs of the instruments are classified and disclosed in one of the following categories pursuant to ASC 820:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The quoted price shall not be adjusted for any blockage factor (i.e., size of the position relative to trading volume).
- Level 2 - Pricing inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies, including the use of pricing matrices. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Pricing inputs are unobservable for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Company uses the following methods and assumptions in estimating fair value disclosures for financial instruments. Financial assets and liabilities recorded at fair value on a recurring and non-recurring basis are listed as follows:

Interest Earning Deposits in Other Banks

The fair values of interest earning deposits in other financial institutions are valued by utilizing recent issuance rates and a market rate analysis of recent rates for retail deposits. While several assumptions are made surrounding the applicable observable market rates, the underlying data points utilized are observable through market data and therefore classified as Level 2 inputs.

Investment Securities

The fair values of investment securities available for sale and held to maturity are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The fair value of the Company's Level 3 security available for sale was measured using an income approach valuation technique. The primary inputs and assumptions used in the fair value measurement was derived from the security's underlying collateral, which included discount rate, prepayment speeds, payment delays, and an assessment of the risk of default of the underlying collateral, among other factors. Significant increases or decreases in any of the inputs or assumptions could result in a significant increase or decrease in the fair value measurement.

Equity Investments With Readily Determinable Fair Value

The fair value of the Company's equity investments with readily determinable fair value is comprised of mutual funds. The fair value for these investments is obtained from unadjusted quoted prices in active markets on the date of measurement and is therefore classified as Level 1.

Interest Rate Contracts

The Company offers interest rate contracts to certain loan customers to allow them to hedge the risk of rising interest rates on their variable rate loans. The Company originates a variable rate loan and enters into a variable-to-fixed interest rate contract with the customer. The Company also enters into an offsetting interest rate contract with a correspondent bank. These back-to-back agreements are intended to offset each other and allow the Company to originate a variable rate loan, while providing a contract for fixed interest payments for the customer. The net cash flow for the Company is equal to the interest income received from a variable rate loan originated with the customer. The fair value of these derivatives is based on a discounted cash flow approach. The fair value assets and liabilities of centrally cleared interest rate contracts are net of variation margin settled-to-market. Due to the observable nature of the inputs used in deriving the fair value of these derivative contracts, the valuation of interest rate contracts is classified as Level 2.

Mortgage Banking Derivatives

Mortgage banking derivative instruments consist of interest rate lock commitments and forward sale contracts that trade in liquid markets. The fair value is based on the prices available from third party investors. Due to the observable nature of the inputs used in deriving the fair value, the valuation of mortgage banking derivatives is classified as Level 2.

Other Derivatives

Other derivatives consist of interest rate contracts designated as cash flow hedges, foreign exchange contracts and risk participation agreements. The fair values of these other derivative financial instruments are based upon the estimated amount the Company would receive or pay to terminate the instruments, taking into account current interest rates, foreign exchange rates and, when appropriate, the current credit worthiness of the counterparties. Fair value assets and liabilities of centrally cleared derivatives are net of variation margin settled-to-market. Interest rate contracts designated as cash flow hedges and foreign exchange contracts, which includes non-deliverable forward contracts, are classified within Level 2 due to the observable nature of the inputs used in deriving the fair value of these contracts. Credit derivatives such as risk participation agreements are valued based on credit worthiness of the underlying borrower, which is a significant unobservable input and therefore is classified as Level 3.

Collateral-Dependent Loans

The fair values of collateral-dependent loans are generally measured for ACL using the practical expedients permitted by ASC 326-20-35-5 including collateral-dependent loans measured at an observable market price (if available), or at the fair value of the loan's collateral (if the loan is collateral-dependent). Fair value of the loan's collateral, when the loan is dependent on collateral, is determined by appraisals or independent valuations utilizing enterprise value, asset fair value, or other valuation techniques, less costs to sell of 8.5%. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and income approach. Adjustment may be made in the appraisal process by the independent appraiser to adjust for differences between the comparable sales and income data available for similar loans and the underlying collateral. Enterprise valuation techniques may also utilize a single valuation approach or a combination of approaches including comparable sales, income approach, Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") multiples, or active bids. For C&I and asset backed loans, independent valuations may include a discount for eligible accounts receivable and a discount for inventory. These result in a Level 3 classification.

Loans Held For Sale

Loans held for sale are carried at the lower of cost or fair value, as determined by outstanding commitments from investors, or based on recent comparable sales (Level 2 inputs), if available. If Level 2 inputs are not available, carrying values are based on discounted cash flows using current market rates applied to the estimated life and credit risk (Level 3 inputs) or may be assessed based upon the fair value of the collateral, which is obtained from recent real estate appraisals (Level 3 inputs). These appraisals may utilize a single valuation approach or a combination of approaches including the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

OREO

OREO is fair valued at the time the loan is foreclosed upon and the asset is transferred to OREO. The value is based primarily on third party appraisals, less costs to sell of up to 8.5% and result in a Level 3 classification of the inputs for determining fair value. OREO is reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted to lower of cost or market accordingly, based on the same factors identified above.

Premises Held For Sale

Premises held for sale consist of a branch location held for sale. The Company measured the fair value of its branch location held for sale as of March 31, 2026, based on a secured offer from an active buyer adjusted for broker fees and closing costs which the Company has determined to be a Level 2 input. If the fair value of the premises held for sale is less than the carrying amount, a charge is taken to reduce the property to its fair value (less estimated selling costs). If Level 2 inputs are not available, fair value may be based on the listed selling price, which is predominately determined using market transactions for similar properties (Level 3).

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	March 31, 2026	Fair Value Measurements at the End of the Reporting Period Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Investment securities AFS:				
U.S. Treasury securities	\$ 39,819	\$ 39,819	\$ —	\$ —
U.S. Government agency and U.S. Government sponsored enterprises:				
Agency securities	9,827	—	9,827	—
CMO	597,236	—	597,236	—
MBS				
Residential	524,420	—	524,420	—
Commercial	494,127	—	494,127	—
Asset-backed securities	155,690	—	155,690	—
Corporate securities	21,341	—	21,341	—
Municipal securities	107,391	—	106,623	768
Equity investments with readily determinable fair value	4,432	4,432	—	—
Interest rate contracts	34,667	—	34,667	—
Mortgage banking derivatives	71	—	71	—
Other derivatives	426	—	426	—
Liabilities:				
Interest rate contracts	35,080	—	35,080	—
Mortgage banking derivatives	46	—	46	—
Other derivatives	124	—	116	8

	December 31, 2025	Fair Value Measurements at the End of the Reporting Period Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
		(Dollars in thousands)			
Assets:					
Investment securities AFS:					
U.S. Government agency and U.S. Government sponsored enterprises:					
CMO	\$ 616,507	\$ —	\$ 616,507	\$ —	
MBS					
Residential	477,383	—	477,383	—	
Commercial	460,742	—	460,742	—	
Asset-backed securities	130,000	—	130,000	—	
Corporate securities	21,136	—	21,136	—	
Municipal securities	127,314	—	126,531	783	
Equity investments with readily determinable fair value	4,460	4,460	—	—	
Interest rate contracts	37,205	—	37,205	—	
Mortgage banking derivatives	27	—	27	—	
Other derivatives	176	—	176	—	
Liabilities:					
Interest rate contracts	37,640	—	37,640	—	
Mortgage banking derivatives	15	—	15	—	
Other derivatives	123	—	108	15	

There were no transfers between Levels 1, 2, and 3 during the three months ended March 31, 2026 and 2025.

The table below presents a reconciliation and income statement classification of gains (losses) for the municipal security and risk participation agreements measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Municipal securities:		
Beginning Balance	\$ 783	\$ 812
Change in fair value included in other comprehensive income	(15)	(5)
Ending Balance	<u>\$ 768</u>	<u>\$ 807</u>
Risk participation agreements:		
Beginning Balance	\$ 15	\$ 15
Change in fair value included in income	(7)	6
Ending Balance	<u>\$ 8</u>	<u>\$ 21</u>

The Company measures certain assets at fair value on a non-recurring basis including collateral-dependent loans and loans held for sale. These fair value adjustments result from individually evaluated ACL recognized during the period, and application of the lower of cost or fair value on loans held for sale.

Assets measured at fair value on a non-recurring basis are summarized below:

		Fair Value Measurements at the End of the Reporting Period Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	March 31, 2026	(Dollars in thousands)		
Assets:				
Collateral-dependent loans receivable at fair value:				
CRE loans	\$ 9,101	\$ —	\$ —	\$ 9,101
C&I loans	20,966	—	—	20,966
Residential mortgage loans	1,251	—	—	1,251
Loans held for sale	40,415	—	40,415	—

	December 31, 2025	Fair Value Measurements at the End of the Reporting Period Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Collateral-dependent loans receivable at fair value:				
CRE loans	\$ 25,876	\$ —	\$ —	\$ 25,876
C&I loans	33,236	—	—	33,236
Loans held for sale	29,182	—	29,182	—
OREO	365	—	—	365
Premises held for sale	1,526	—	1,526	—

For assets measured at fair value on a non-recurring basis, the total net losses, which include charge offs, recoveries, recorded ACL, valuations, and recognized gains and losses on sales are summarized below:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Assets:		
Collateral-dependent loans receivable at fair value:		
CRE loans	\$ (485)	\$ (39)
C&I loans	(13,304)	(7,950)
Residential mortgage loans	(6)	—
Loans held for sale, net	(446)	—

The following table presents the quantitative information about the significant unobservable inputs used in the valuation of Level 3 fair value measurements that are measured on a nonrecurring basis as of March 31, 2026 and December 31, 2025:

	Fair Value Measurements (Level 3) (Dollars in thousands)	Valuation Techniques	Unobservable Inputs	Range of Inputs	Weighted-Average of Inputs
March 31, 2026					
	\$ 6,898	Collateral fair value	Sales price	N/A	N/A
	3,454	Collateral fair value	Discounted cash flow analysis - discount rate	5.3%	5.3%
Collateral dependent loans	11,728	Enterprise value	Discounted cash flow analysis - discount rate	10.5% - 13.3%	11.5%
	7,491	Enterprise value	EBITDA ⁽¹⁾ multiple	5.1	5.1
	1,747	Asset fair value	Discount	37.6%	37.6%
December 31, 2025					
	\$ 5,160	Internal model	Probability of default	100.0%	100.0%
			Loss given default	22.2%	22.2%
	17,878	Collateral fair value	Sales price	N/A	N/A
	2,838	Collateral fair value	Discounted cash flow analysis - discount rate	10.0% - 12.0%	11.2%
Collateral dependent loans	16,702	Enterprise value	Discounted cash flow analysis - discount rate	11.8% - 13.3%	12.3%
	1,344	Enterprise value	Sales price	N/A	N/A
	8,986	Enterprise value	Sales price	N/A	N/A
			EBITDA ⁽¹⁾ multiple	5.2	5.2
	6,204	Asset fair value	Discount	22.5% - 73.7%	35.2%
OREO	365	Fair value of property	Selling cost	8.5%	8.5%

⁽¹⁾ EBITDA = earnings before interest, tax, depreciation and amortization.

Fair Value of Financial Instruments

Carrying amounts and estimated fair values of financial instruments, not previously presented, at March 31, 2026 and December 31, 2025, were as follows:

March 31, 2026			
	Carrying Amount	Estimated Fair Value (Dollars in thousands)	Fair Value Measurement Using
Financial Assets:			
Cash and cash equivalents	\$ 594,769	\$ 594,769	Level 1
Interest earning deposits in other banks	7,688	7,690	Level 2
Investment securities HTM	236,101	221,976	Level 2
Equity investments without readily determinable fair values	38,980	38,980	Level 2
Loans held for sale	97,454	98,553	Level 2
Loans receivable, net	14,484,575	14,264,680	Level 3
Accrued interest receivable	53,734	53,734	Level 2/3
Servicing assets, net	13,636	22,495	Level 3
Customers' liabilities on acceptances	1,208	1,208	Level 2
Financial Liabilities:			
Noninterest bearing deposits	\$ 3,387,757	\$ 3,387,757	Level 2
Money market, interest bearing demand and savings deposits	6,036,197	6,036,197	Level 2
Time deposits	6,302,488	6,304,330	Level 2
FHLB borrowings	284,966	284,984	Level 2
Convertible notes, net	444	435	Level 1
Subordinated debentures	110,872	117,644	Level 3
Accrued interest payable	68,399	68,399	Level 2
Acceptances outstanding	1,208	1,208	Level 2

December 31, 2025			
	Carrying Amount	Estimated Fair Value (Dollars in thousands)	Fair Value Measurement Using
Financial Assets:			
Cash and cash equivalents	\$ 560,059	\$ 560,059	Level 1
Investment securities HTM	239,782	227,024	Level 2
Equity investments without readily determinable fair values	38,016	38,016	Level 2
Loans held for sale	86,905	86,975	Level 2
Loans receivable, net	14,544,351	14,276,764	Level 3
Accrued interest receivable	52,211	52,211	Level 2/3
Servicing assets, net	12,954	22,060	Level 3
Customers' liabilities on acceptances	486	486	Level 2
Financial Liabilities:			
Noninterest bearing deposits	\$ 3,371,759	\$ 3,371,759	Level 2
Money market, interest bearing demand and savings deposits	5,856,373	5,856,373	Level 2
Time deposits	6,375,011	6,376,442	Level 2
FHLB and FRB borrowings	284,922	285,303	Level 2
Convertible notes, net	444	433	Level 1
Subordinated debentures	110,518	112,167	Level 3
Accrued interest payable	78,310	78,310	Level 2
Acceptances outstanding	486	486	Level 2

The Company measures assets and liabilities for its fair value disclosures based on an exit price notion. Although the exit price notion represents the value that would be received to sell an asset or paid to transfer a liability, the actual price received for a sale of assets or paid to transfer liabilities could be different from exit price disclosed. The methods and assumptions used to estimate fair value are described as follows:

The carrying amount was the estimated fair value for cash and cash equivalents, savings and other nonmaturity interest bearing demand deposits, equity investments without readily determinable fair values, customers' and Bank's liabilities on acceptances, noninterest bearing deposits, short-term debt, secured borrowings, and variable rate loans or deposits that reprice frequently and fully. The fair value of loans was determined through a discounted cash flow analysis, which incorporates probability of default and loss given default rates on an individual loan basis. For fixed rate loans, the discount rate used in a discounted cash flow analysis was based on the SOFR Swap Rate. For variable loans, the discount rate started with the underlying index rate and an adjustment was made on certain loans, which considered factors such as servicing costs, capital charges, duration, asset type incremental costs, and use of projected cash flows. Fair values of residential real estate loans included Fannie Mae and Freddie Mac prepayment speed assumptions or a third-party index based on historical prepayment speeds. Fair value of time deposits was based on discounted cash flow analyses using recent issuance rates over the prior three months and a market rate analysis of recent offering rates for retail products. Wholesale time deposit fair values incorporated brokered time deposit offering rates. The fair value of the Company's debt was based on current rates for similar financing with a liquidity premium added to assumed market spreads to reflect exit pricing and the marketability/liquidity costs contained with consummating an orderly transaction. Fair value for the Company's convertible notes was based on the actual last traded price of the notes. The fair value of commitments to fund loans represents fees currently charged to enter into similar agreements with similar remaining maturities and was not presented herein, as the fair value of these financial instruments was not material to the Consolidated Financial Statements.

18. Leases

The Company's operating leases comprise primarily real estate leases of bank branch locations, loan production offices, and office spaces with remaining lease terms ranging from 1 year to 12 years at March 31, 2026. In addition, the Company leases ATM equipment located at certain branches with remaining lease terms of up to 7 years. Certain lease arrangements contain extension options, which are typically around 5 years. As these extension options are not generally considered reasonably certain of exercise, they are not included in the lease term. The Company did not have any finance leases at March 31, 2026 and December 31, 2025.

The table below summarizes supplemental balance sheet information related to operating leases:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Operating lease ROU assets	\$ 55,594	\$ 57,443
Current portion of long-term lease liabilities	17,409	17,532
Long-term lease liabilities	39,905	41,726

The Company assumed operating leases with the acquisition of Territorial. The ROU assets and related lease liabilities recorded for the assumed leases were \$22.7 million and \$21.1 million, respectively, at the close of the Territorial acquisition on April 2, 2025. ROU assets related to the acquisition reflect net favorable adjustments of approximately \$1.9 million. The ROU assets from Territorial included 26 real estate and one equipment leases. See [Note 15](#) - "Acquisitions" for additional information regarding the Merger.

The Company uses its incremental borrowing rate to present value lease payments in order to recognize a ROU asset and the related lease liability. The Company calculates its incremental borrowing rate by adding a spread to the FHLB borrowing interest rate at a given period. During the three months ended March 31, 2026, the Company extended four leases and entered into one new lease contract, which had not yet commenced. Lease extension terms were up to 5 years each and the Company reassessed the ROU assets and lease liabilities related to these leases.

The table below summarizes the Company's net operating lease cost:

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Operating lease cost	\$ 4,698	\$ 3,661
Variable lease cost	1,520	866
Sublease income	(148)	(92)
Net lease cost	<u>\$ 6,070</u>	<u>\$ 4,435</u>

The table below summarizes other information related to the Company's operating leases:

	At or for the Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	\$ 4,841	\$ 3,939
Weighted-average remaining lease term - operating leases	5.1 years	3.4 years
Weighted-average discount rate - operating leases	4.07 %	3.17 %

The table below summarizes the maturity of remaining lease liabilities:

	March 31, 2026
	(Dollars in thousands)
2026	\$ 14,905
2027	14,839
2028	9,852
2029	7,291
2030	5,496
2031 and thereafter	12,046
Total lease payments	64,429
Less: imputed interest	7,115
Total lease obligations	\$ 57,314

At March 31, 2026, the Company had two operating lease commitments that had not yet commenced, totaling \$37.7 million in lease payments over terms ranging from ten to 15 years.

19. Investments in Tax Credit Structures

The Company invests in the equity of certain limited partnerships or limited liability companies that are typically associated with affordable housing partnerships and renewable energy projects that generate low-income housing tax credits, investment tax credits, and other income tax benefits for the Company.

Following the adoption of ASU 2023-02 in 2024, the Company elected to account for its tax credit investments using the proportional amortization method (“PAM”) on a program-by-program basis if certain conditions are met. For the Company’s accounting policies on PAM, see Note 1 - “Summary of Significant Accounting Policies”, of its audited Consolidated Financial Statements included in its 2025 Annual Report on Form 10-K.

The Company recorded its investments in qualifying affordable housing partnerships, net, using the equity investment method. The Company’s investments in renewable energy tax credits were accounted for under PAM and recorded under other assets, and its commitments to fund investments in tax credit structures were recorded in other liabilities on the Consolidated Statements of Financial Condition.

The following table presents the investments and unfunded commitments of the Company’s investments in tax credit structures at March 31, 2026 and December 31, 2025:

	March 31, 2026		December 31, 2025	
	Assets	Unfunded Commitments	Assets	Unfunded Commitments
	(Dollars in thousands)			
PAM:				
Investments in renewable energy tax credits	\$ 30,404	\$ 39,605	\$ 12,440	\$ 12,405
Equity method:				
Investments in affordable housing partnerships	29,966	15,978	27,941	20,478
Total	<u>\$ 60,370</u>	<u>\$ 55,583</u>	<u>\$ 40,381</u>	<u>\$ 32,883</u>

The increase in both investments and their unfunded commitments reflected new investments made. During the three months ended March 31, 2026, the Company made new commitments to invest \$25.0 million in renewable energy tax credit investments. No new commitments to investments in renewable energy tax credit investments or affordable housing partnerships were made during the same period of 2025.

The following table presents additional information related to tax credits and benefits, and amortization recorded for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Tax credits and benefits:		
PAM		
Investments in renewable energy tax credits	\$ 8,130	\$ 350
Equity method		
Investments in affordable housing partnerships	2,321	2,660
Total	<u>\$ 10,451</u>	<u>\$ 3,010</u>
Amortization:		
PAM		
Investments in renewable energy tax credits	\$ 7,036	\$ 319
Equity method		
Investments in affordable housing partnerships	2,474	1,961
Total	<u>\$ 9,510</u>	<u>\$ 2,280</u>

20. Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material and adverse effect on the Company's and the Bank's business, financial condition and results of operation, such as restrictions on growth or the payment of dividends or other capital distributions or management fees. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

At March 31, 2026 and December 31, 2025, the capital ratios for the Company and the Bank were in excess of all regulatory minimum capital ratios with the addition of the conservation buffer.

At March 31, 2026 and December 31, 2025, the most recent regulatory notification categorized the Bank as "well-capitalized" under the regulatory framework for prompt corrective action. To generally be categorized as "well-capitalized", the Bank must maintain a minimum total capital ratio, Tier 1 capital ratio, common equity Tier 1 capital ratio, and leverage ratio as set forth in the following table. There are no conditions or events since the most recent notification from regulators that management believes has changed the institution's category.

Regulatory Developments

On March 19, 2026, the Federal Reserve, Office of the Comptroller of the Currency, and FDIC jointly issued a notice of proposed rulemaking (the "Proposed Rule") that would revise the regulatory capital framework applicable to banking organizations. The Proposed Rule is intended to enhance the resilience of the banking system by strengthening risk-based capital requirements, refining the measurement of risk-weighted assets, and incorporating elements of international standards, including aspects of the Basel III framework. The Proposed Rule, if adopted as issued, could impact the Company's capital requirements and the calculation of risk-weighted asset. The Proposed Rule remains subject to public comment and may be revised before final adoption. The Company is currently evaluating the potential effects of the Proposed Rule. At this time, the full impact cannot be reasonably estimated due to uncertainties regarding the final form and implementation timeline of the rule.

The Company's and the Bank's levels and ratios are presented in the tables below for the dates indicated:

March 31, 2026	Actual		Ratio Required for Capital Adequacy Purposes (Dollars in thousands)	Ratio Required To Be Well-Capitalized	Ratio Required for Minimum Capital Adequacy With Capital Conservation Buffer
	Amount	Ratio			
Common equity Tier 1 capital (to risk weighted assets):					
Company	\$ 1,906,632	12.36 %	4.50 %	N/A	7.00 %
Bank	\$ 1,963,511	12.73 %	4.50 %	6.50 %	7.00 %
Tier 1 capital (to risk-weighted assets):					
Company	\$ 2,013,602	13.05 %	6.00 %	N/A	8.50 %
Bank	\$ 1,963,511	12.73 %	6.00 %	8.00 %	8.50 %
Total capital (to risk-weighted assets):					
Company	\$ 2,171,355	14.07 %	8.00 %	N/A	10.50 %
Bank	\$ 2,121,264	13.75 %	8.00 %	10.00 %	10.50 %
Leverage capital (to average assets):					
Company	\$ 2,013,602	11.11 %	4.00 %	N/A	N/A
Bank	\$ 1,963,511	10.84 %	4.00 %	5.00 %	N/A

<u>December 31, 2025</u>	Actual		Ratio Required for Capital Adequacy Purposes	Ratio Required To Be Well-Capitalized	Ratio Required for Minimum Capital Adequacy With Capital Conservation Buffer	
	Amount	Ratio				
	(Dollars in thousands)					
Common equity Tier 1 capital (to risk weighted assets):						
Company	\$	1,904,868	12.27 %	4.50 %	N/A	7.00 %
Bank	\$	1,989,051	12.82 %	4.50 %	6.50 %	7.00 %
Tier 1 capital (to risk-weighted assets):						
Company	\$	2,011,484	12.96 %	6.00 %	N/A	8.50 %
Bank	\$	1,989,051	12.82 %	6.00 %	8.00 %	8.50 %
Total capital (to risk-weighted assets):						
Company	\$	2,171,256	13.99 %	8.00 %	N/A	10.50 %
Bank	\$	2,148,823	13.85 %	8.00 %	10.00 %	10.50 %
Leverage capital (to average assets):						
Company	\$	2,011,484	11.05 %	4.00 %	N/A	N/A
Bank	\$	1,989,051	10.93 %	4.00 %	5.00 %	N/A

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)

The following discussion and analysis should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2025 and the unaudited Consolidated Financial Statements and Notes set forth elsewhere in this Quarterly Report on Form 10-Q.

GENERAL

Hope Bancorp, Inc. is the holding company of Bank of Hope, the only regional Korean American bank in the United States with \$18.66 billion in total assets at March 31, 2026. With the addition of Territorial Savings, a division of Bank of Hope, effective April 2, 2025, the Company became the largest regional bank catering to multicultural customers across the continental United States and Hawaii. Headquartered in Los Angeles, the Bank provides a full suite of commercial, corporate and consumer loans, deposit and fee-based products and services, including commercial and commercial real estate lending, SBA lending, residential mortgage and other consumer lending, treasury management services, foreign currency exchange solutions, interest rate derivative products, and international trade financing, among others. The Bank operates 45 full-service branches in California, New York, New Jersey, Washington, Texas, Illinois, Georgia and Alabama under the Bank of Hope banner, and 28 branches in Hawaii under the Territorial Savings banner. The Bank also operates SBA loan production offices, commercial loan production offices, and residential mortgage loan production offices throughout the United States, and a representative office in Seoul, South Korea. Bank of Hope is a California-chartered bank, and its deposits are insured by the FDIC to the extent provided by law. Bank of Hope is an Equal Opportunity Lender.

The Bank’s principal business involves earning interest on loans and investment securities, primarily funded by deposits and borrowings. Operating income and net income are derived primarily from the difference between interest income received from interest earning assets and interest expense paid on interest bearing liabilities and, to a lesser extent, from fees received in connection with servicing loan and deposit accounts, providing fee-based products and services, and income from the sale of loans. Major expenses are the interest paid on deposits and borrowings, provisions for credit losses and general operating expenses, which primarily consist of salaries and employee benefits, occupancy costs, and other operating expenses. Interest rates are highly sensitive to many factors that are beyond our control, such as changes in the national economy and in the related monetary policies of the FRB, inflation, unemployment, consumer spending, tariffs, political changes, and other events. We cannot predict the impact that these factors and future changes in domestic and foreign economic and political conditions might have on our business, financial condition, and results of operations.

Selected Financial Data

The following tables set forth a performance overview concerning the periods indicated and should be read in conjunction with the unaudited Consolidated Financial Statements and Notes set forth elsewhere in this Quarterly Report on Form 10-Q and the following Results of Operations and Financial Condition sections of this MD&A. The comparability of our operating results for the three months ended March 31, 2026, with past performance was impacted by acquisition accounting adjustments and merger-related expenses associated with the 2025 Territorial Merger. We have provided supplemental non-GAAP information to facilitate a better understanding of financial performance, identifying certain items as “notable”.

	At or for the Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands, except share and per share data)	
Income Statement Data:		
Interest income	\$ 230,144	\$ 217,166
Interest expense	106,087	116,349
Net interest income	124,057	100,817
Provision for credit losses	8,650	4,800
Net interest income after provision for credit losses	115,407	96,017
Noninterest income	16,967	15,688
Noninterest expense	94,455	83,861
Income before income taxes	37,919	27,844
Income tax provision	8,379	6,748
Net income	\$ 29,540	\$ 21,096
Net income, excluding notable items ⁽¹⁾	\$ 29,666	\$ 22,874
Per Share Data:		
Earnings per common share – basic	\$ 0.23	\$ 0.17
Earnings per common share – diluted	\$ 0.23	\$ 0.17
Earnings per common share – diluted excluding notable items ⁽¹⁾	\$ 0.23	\$ 0.19
Cash dividends declared per common share	\$ 0.14	\$ 0.14
Book value per common share (period end)	\$ 17.86	\$ 17.84
Tangible common equity (“TCE”) per share (period end) ⁽¹⁾	\$ 13.73	\$ 13.99
Common Share Count:		
Number of common shares outstanding (period end)	127,822,689	121,074,988
Weighted average shares – basic	128,081,360	120,811,472
Weighted average shares – diluted	128,723,654	121,433,080
Selected Performance Ratios:		
Return on average assets (“ROA”) ⁽²⁾	0.64 %	0.49 %
Return on average stockholders’ equity (“ROE”) ⁽²⁾	5.14 %	3.93 %
Return on average tangible common equity (“ROTCE”) ^{(1) (2)}	6.66 %	5.02 %
Net interest margin ^{(2) (3)}	2.90 %	2.54 %
Efficiency ratio ⁽⁴⁾	66.98 %	71.98 %
ROA excluding notable items ^{(1) (2)}	0.64 %	0.54 %
ROE excluding notable items ^{(1) (2)}	5.16 %	4.26 %
ROTCE excluding notable items ^{(1) (2)}	6.69 %	5.44 %
Efficiency ratio excluding notable items ^{(1) (4)}	66.85 %	69.82 %

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Average Balance Sheet Data:		
Assets	\$ 18,521,103	\$ 17,084,378
Loans	14,689,516	13,455,201
Deposits	15,567,672	14,471,459
FHLB and FRB borrowings	284,936	121,400
Stockholders' equity	2,299,203	2,148,079
	March 31, 2026	March 31, 2025
	(Dollars in thousands)	
Statement of Financial Condition Data - at Period End:		
Assets	\$ 18,656,864	\$ 17,068,316
Interest earning cash and deposits at other banks	369,809	505,906
Loans receivable	14,639,689	13,335,294
Deposits	15,726,442	14,488,319
FHLB and FRB borrowings	284,966	100,000
Stockholders' equity	2,283,380	2,160,033
Consolidated Capital Ratios ⁽⁵⁾		
Common equity Tier 1 capital ratio	12.36 %	13.28 %
Tier 1 capital ratio	13.05 %	14.02 %
Total capital ratio	14.07 %	15.06 %
Leverage ratio ⁽⁶⁾	11.11 %	11.92 %
TCE ratio ⁽¹⁾	9.68 %	10.20 %
Asset Quality Ratios:		
Allowance for credit losses to loans receivable	1.06 %	1.11 %
Allowance for credit losses to nonaccrual loans	141.64 %	175.89 %
Nonaccrual loans to loans receivable	0.75 %	0.63 %
Nonperforming loans to loans receivable	0.82 %	0.63 %
Nonperforming assets to total assets	0.65 %	0.49 %

⁽¹⁾ Net income excluding notable items, earnings per common share - diluted excluding notable items, TCE per share, ROTCE, ROA excluding notable items, ROE excluding notable items, ROTCE excluding notable items, efficiency ratio excluding notable items, and TCE ratio are non-GAAP financial measures that we believe provide investors with information useful in understanding our operating results and financial condition. A quantitative reconciliation of the most directly comparable GAAP to non-GAAP financial measures is provided on the following pages.

⁽²⁾ Annualized.

⁽³⁾ Net interest margin is calculated by dividing annualized net interest income by average total interest earning assets.

⁽⁴⁾ Efficiency ratio is defined as noninterest expense divided by the sum of net interest income and noninterest income.

⁽⁵⁾ The ratios generally required to meet the definition of a "well-capitalized" financial institution under certain banking regulations are 5.0% leverage capital ratio, 6.5% common equity tier 1 capital ratio, 8.0% tier 1 capital ratio, and 10.0% total capital ratio.

⁽⁶⁾ Calculations are based on quarterly average asset balances.

Non-GAAP Financial Measurements

We provide certain non-GAAP financial measures that we believe provide investors with meaningful supplemental information that is useful in understanding our operating results and financial condition. The methodologies for calculating non-GAAP measures may differ among companies. The following tables reconcile the non-GAAP financial measures used in this Form 10-Q to the most comparable GAAP performance measures. The non-GAAP financial measures provide information useful to investors in understanding our operating performance and trends and assist in comparing our results with the performance of our peers.

During the three months ended March 31, 2026 and 2025, our operating results included certain notable items as a result of the 2025 Merger with Territorial and other items. The following table summarizes the impact of non-core notable items recorded for the periods indicated and reconciles them to the most directly comparable GAAP financial measure.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands, except share and per share data)	
Net income	\$ 29,540	\$ 21,096
Notable items:		
FDIC special assessment (reversal)	(58)	—
Merger and restructuring-related costs	234	2,519
Total notable items included in pre-tax income	176	2,519
Tax effect on notable items in pre-tax income	(50)	(741)
Total notable items, net of tax	126	1,778
Net income excluding notable items ⁽¹⁾	\$ 29,666	\$ 22,874
Diluted common shares	128,723,654	121,433,080
EPS excluding notable items ⁽¹⁾	\$ 0.23	\$ 0.19
Average assets	\$ 18,521,103	\$ 17,084,378
ROA excluding notable items (annualized) ⁽¹⁾	0.64 %	0.54 %
Average equity	\$ 2,299,203	\$ 2,148,079
ROE excluding notable items (annualized) ⁽¹⁾	5.16 %	4.26 %
Average TCE ⁽¹⁾	\$ 1,773,671	\$ 1,681,446
ROTCE excluding notable items (annualized) ⁽¹⁾	6.69 %	5.44 %

⁽¹⁾ Non-GAAP financial measures.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Noninterest expense	\$ 94,455	\$ 83,861
Notable items:		
FDIC special assessment (reversal)	58	—
Merger and restructuring-related costs	(234)	(2,519)
Noninterest expense excluding notable items ⁽¹⁾	\$ 94,279	\$ 81,342
Revenue (net interest income and noninterest income)	\$ 141,024	\$ 116,505
Efficiency ratio excluding notable items ⁽¹⁾	66.85 %	69.82 %

Tangible book value per common share is calculated by subtracting goodwill and core deposit intangible assets from total stockholders' equity, then dividing the difference by the number of shares of common stock outstanding. TCE ratio is calculated by subtracting goodwill and core deposit intangible assets from total stockholders' equity, then dividing the difference by total assets after subtracting goodwill and core deposit intangible assets.

	March 31, 2026	March 31, 2025
	(Dollars in thousands, except share data)	
Total stockholders' equity	\$ 2,283,380	\$ 2,160,033
Less: Goodwill and CDI, net	(528,021)	(466,405)
TCE ⁽¹⁾	\$ 1,755,359	\$ 1,693,628
Total assets	\$ 18,656,864	\$ 17,068,316
Less: Goodwill and CDI, net	(528,021)	(466,405)
Tangible assets ⁽¹⁾	\$ 18,128,843	\$ 16,601,911
Common shares outstanding	127,822,689	121,074,988
Tangible book value per common share ⁽¹⁾	\$ 13.73	\$ 13.99
TCE ratio ⁽¹⁾	9.68 %	10.20 %

Return on average tangible common equity is calculated by dividing net income for the period (annualized) by average stockholders' equity for the period after subtracting average goodwill and core deposit intangible assets for the period from average stockholders' equity.

	Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
Net income	\$ 29,540	\$ 21,096
Average stockholders' equity	\$ 2,299,203	\$ 2,148,079
Less: Average goodwill and CDI, net	(525,532)	(466,633)
Average tangible common equity ⁽¹⁾	\$ 1,773,671	\$ 1,681,446
ROTCE (annualized) ⁽¹⁾	6.66 %	5.02 %

⁽¹⁾ Non-GAAP financial measures.

Results of Operations

Overview

Net income for the first quarter of 2026 was \$29.5 million, or \$0.23 per diluted common share, an increase of \$8.4 million over net income of \$21.1 million, or \$0.17 per diluted common share, for the same period of 2025. The year-over-year increase in net income was primarily due to increases in net interest income and noninterest income, partially offset by increases in noninterest expense and the provision for credit losses.

See the “General” section of this MD&A for a reconciliation of GAAP to non-GAAP financial measures.

Net Interest Income and Net Interest Margin

Net Interest Income

A principal component of our earnings is net interest income, which is the difference between the interest and fees earned on loans, investments and interest earning cash, and the interest paid on deposits, borrowed funds, and convertible notes. Net interest income expressed as a percentage of average interest earning assets is referred to as the net interest margin. The net interest spread is the yield on average interest earning assets less the cost of average interest bearing liabilities. Net interest income is affected by changes in the balances of interest earning assets and interest bearing liabilities, changes in yields earned on interest earning assets, and changes in rates paid on interest bearing liabilities.

Comparison of Three Months Ended March 31, 2026, with the Three Months Ended March 31, 2025

Net interest income was \$124.1 million for the first quarter of 2026, compared with \$100.8 million for the same period of 2025, an increase of \$23.2 million, or 23.1%. The year-over-year increase in net interest income was primarily driven by a lower cost of deposits and an increase in the average balance of interest earning assets, partially offset by an increase in the average balance of interest bearing deposits. The year-over-year growth in average earning assets primarily reflected the acquisition of Territorial, which closed in the second quarter of 2025. As of March 31, 2026, the Federal Funds target rate was cut by an aggregate 75 basis points since March 31, 2025, favorably impacting funding costs for the first quarter of 2026 compared with the prior-year period.

Net Interest Margin

Net interest margin is impacted by the weighted average rates earned on interest earning assets and paid on interest bearing liabilities. The net interest margin for the first quarter of 2026 was 2.90%, up 36 basis points from 2.54% for the same period of 2025. The net interest margin expansion year over year was primarily driven by funding cost improvements, with the cost of interest bearing deposits decreasing 77 basis points to 3.37% for the first quarter of 2026, down from 4.14% for the first quarter of 2025, exceeding the decline in the Federal Funds target rate over the same period.

The weighted average yield on loans decreased to 5.69% for the first quarter of 2026, down 19 basis points from 5.88% for the same period of 2025. The year-over-year decrease in average loan yields was driven by the downward repricing of variable rate loans, reflecting higher benchmark interest rates in 2025 versus 2026. At March 31, 2026, variable interest rate loans made up 43% of the loan portfolio. The total accretion of net discount on acquired loans was \$4.6 million and \$229 thousand for the three months ended March 31, 2026 and 2025, respectively.

The weighted average yield on investment securities for the three months ended March 31, 2026, was 3.63%, an increase of 54 basis points from 3.09% for the same period of 2025. The increase in average yields was primarily due to higher rates on new purchases of investment securities, and the sale of lower-yielding investment securities in the second quarter of 2025 as part of a strategic portfolio partial repositioning. At March 31, 2026, 24% of the investment portfolio consisted of securities with variable coupon rates. The change in yields was also impacted by fluctuations in the overall investment portfolio yield due to the change in pay-down speeds of investment securities.

The weighted average cost of deposits for the first quarter of 2026 was 2.64%, a decrease of 54 basis points from 3.18% for the same period of 2025. The weighted average cost of interest bearing deposits for the first quarter of 2026 was 3.37%, a decrease of 77 basis points from 4.14% for the same period of 2025. The year-over-year decrease in the cost of deposits was driven by decreases in market interest rates, the positive impact of the acquired Territorial deposits, which have a lower cost of funds, and the planned reductions of higher-costing time deposits.

The following tables present our consolidated daily average balance of major assets and liabilities, together with interest rates earned and paid on the various sources and uses of funds for the periods indicated:

	Three Months Ended March 31,					
	2026			2025		
	Average Balance	Interest Income/Expense	Average Yield/Rate*	Average Balance	Interest Income/Expense	Average Yield/Rate*
(Dollars in thousands)						
INTEREST EARNINGS ASSETS:						
Loans ^{(1) (2)}	\$ 14,689,516	\$ 205,919	5.69 %	\$ 13,455,201	\$ 194,961	5.88 %
Investment securities AFS and HTM ⁽³⁾	2,149,595	19,218	3.63 %	2,083,809	15,892	3.09 %
Interest earning cash and deposits at other banks	437,990	3,778	3.50 %	496,512	5,205	4.25 %
FHLB stock and other investments	51,682	1,229	9.64 %	87,065	1,108	5.16 %
Total interest earning assets	17,328,783	230,144	5.39 %	16,122,587	217,166	5.46 %
Total noninterest earning assets	1,192,320			961,791		
Total assets	\$ 18,521,103			\$ 17,084,378		
INTEREST BEARING LIABILITIES:						
Deposits:						
Money market, interest bearing demand and savings deposits	\$ 5,862,722	\$ 41,422	2.87 %	\$ 5,452,632	\$ 50,619	3.76 %
Time deposits	6,357,880	60,033	3.83 %	5,674,095	62,966	4.50 %
Total interest bearing deposits	12,220,602	101,455	3.37 %	11,126,727	113,585	4.14 %
FHLB and FRB borrowings	284,936	2,408	3.43 %	121,400	356	1.19 %
Convertible notes, net	444	2	2.00 %	444	2	2.00 %
Subordinated debentures, net	106,754	2,222	8.33 %	105,371	2,406	9.13 %
Total interest bearing liabilities	12,612,736	106,087	3.41 %	11,353,942	116,349	4.16 %
Noninterest bearing liabilities and equity:						
Noninterest bearing demand deposits	3,347,070			3,344,732		
Other liabilities	262,094			237,625		
Stockholders' equity	2,299,203			2,148,079		
Total liabilities and stockholders' equity	\$ 18,521,103			\$ 17,084,378		
Net interest income/net interest spread (not annualized)		\$ 124,057	1.98 %		\$ 100,817	1.30 %
Net interest margin			2.90 %			2.54 %
Cost of deposits			2.64 %			3.18 %

* Annualized

(1) Interest income on loans includes loan fees.

(2) Average balances of loans consist of loans receivable and loans held for sale.

(3) Interest income and yields are not presented on a tax-equivalent basis.

Changes in net interest income are a function of changes in interest rates and volumes of interest earning assets and interest bearing liabilities. The following table sets forth information regarding the changes in interest income and interest expense for the periods indicated. The total change for each category of interest earning assets and interest bearing liabilities is segmented into the change attributable to variations in volume (changes in volume multiplied by the old rate) and the change attributable to variations in interest rates (changes in rates multiplied by the old volume). Nonaccrual loans are included in average loans used to compute this table.

	Three Months Ended March 31, 2026 over March 31, 2025		
	Net Increase (Decrease)	Change due to:	
		Rate	Volume
	(Dollars in thousands)		
INTEREST INCOME:			
Loans, including fees	\$ 10,958	\$ (6,497)	\$ 17,455
Investment securities AFS and HTM	3,326	2,811	515
Interest earning cash and deposits at other banks	(1,427)	(857)	(570)
FHLB stock and other investments	121	696	(575)
Total interest income	\$ 12,978	\$ (3,847)	\$ 16,825
INTEREST EXPENSE:			
Money market, interest bearing demand and savings deposits	\$ (9,197)	\$ (11,305)	\$ 2,108
Time deposits	(2,933)	(10,015)	7,082
FHLB and FRB borrowings	2,052	1,196	856
Convertible notes, net	—	—	—
Subordinated debentures, net	(184)	(214)	30
Total interest expense	\$ (10,262)	\$ (20,338)	\$ 10,076
NET INTEREST INCOME	\$ 23,240	\$ 16,491	\$ 6,749

Provision for Credit Losses

The provision for credit losses reflects management's assessment of the current period cost associated with credit risk inherent in the loan portfolio. The provision for credit losses for each period includes provision for credit loss on loans and provision for unfunded loan commitments. Provision for credit loss on loans is dependent upon many factors, including loan growth, net charge offs, changes in the composition of the loan portfolio, delinquencies, assessments by management, examinations of the loan portfolio, the value of the underlying collateral on problem loans, the general economic conditions in our market areas, and future projections of the economy. Specifically, the provision for credit loss on loans represents the amount charged against current period earnings to achieve an allowance for credit losses that, in management's judgment, is adequate to absorb probable lifetime losses inherent in the loan portfolio. Provision for unfunded loan commitments is based on the estimated future funding of loan commitments. Periodic fluctuations in the provision for credit losses result from management's assessment of the adequacy of the allowance for credit losses and allowance for unfunded loan commitments, and actual credit losses may vary in material respects from current estimates. If the allowances are inadequate, we may be required to record additional provisions, which may have a material and adverse effect on business, financial condition, and results of operations.

The provision for credit losses includes both provision for credit loss on loans and provision for unfunded loan commitments. The provision for credit losses for the first quarter of 2026 was \$8.7 million, an increase from \$4.8 million for the same period of the prior year.

The increase in provision for credit losses for the three months ended March 31, 2026, compared with the same period in 2025, was primarily due to increases in provision for credit losses on CRE loans offset partially by decreases in provision for credit losses on C&I loans, residential mortgage loans, and other consumer loans.

The recapture of provision for unfunded loan commitments was \$550 thousand and \$400 thousand for the three months ended March 31, 2026 and 2025, respectively. The year-over-year increase in the recapture of provision for unfunded loan commitments was primarily due to the change in balances of unfunded loan commitments.

Noninterest Income

Noninterest income is primarily comprised of service fees on deposit accounts, international service fees (fees received on trade finance letters of credit), wire transfer and foreign currency fees, other customer-driven income and fees, net gains on sales of SBA loans, net gains on sales of investment securities AFS, and other noninterest income. Noninterest income for the first quarter of 2026 was \$17.0 million, compared with \$15.7 million for the same period of 2025, an increase of \$1.3 million.

Noninterest income by category is summarized in the tables below:

	Three Months Ended March 31,		Increase (Decrease)	
	2026	2025	Amount	Percent (%)
	(Dollars in thousands)			
Service fees on deposit accounts	\$ 3,335	\$ 2,921	\$ 414	14.2 %
International service, wire transfer and foreign currency fees	2,255	1,953	302	15.5 %
Other customer-driven income and fees	4,877	3,746	1,131	30.2 %
Net gains on sales of SBA loans	3,266	3,131	135	4.3 %
Net gains on sales of investment securities AFS	604	—	604	100.0 %
Other noninterest income	2,630	3,937	(1,307)	(33.2)%
Total noninterest income	<u>\$ 16,967</u>	<u>\$ 15,688</u>	<u>\$ 1,279</u>	8.2 %

The year-over-year increase in noninterest income for the three months ended March 31, 2026, was primarily driven by increases in other customer-driven income and fees, net gains on sales of AFS securities, and service fees on deposit accounts, partially offset by a decrease in other noninterest income.

Service fees on deposit accounts increased for the three months ended March 31, 2026, compared with the same period of 2025, mainly due to increased business analysis fee income.

Other customer-driven income and fees for the three months ended March 31, 2026, included an increase of \$885 thousand in customer-level swap fees driven by a higher volume of customer swap transactions, compared with the same period of 2025. Customer-level swap fee income represents fees earned from back-to-back swap transactions for our loan customers.

During the three months ended March 31, 2026 and 2025, we sold \$53.0 million and \$49.9 million in SBA guaranteed loans, respectively, and recorded \$3.3 million and \$3.1 million, respectively, in net gains on sale of SBA loans.

Other noninterest income for the three months ended March 31, 2026, included a decrease of \$1.5 million in net gains on sale of other loans, compared with the same period of 2025.

Noninterest Expense

Noninterest expense for the first quarter of 2026 was \$94.5 million, an increase of \$10.6 million, or 12.6%, from \$83.9 million for the first quarter of 2025. Noninterest expense included merger and restructuring-related costs, which we consider notable items. Excluding notable items, noninterest expense for the first quarter of 2026 was \$94.3 million compared with \$81.3 million in the year-ago period. See the “General” section of this MD&A for a reconciliation of GAAP to non-GAAP financial measures.

The breakdown of changes in noninterest expense by category is shown in the following tables:

	Three Months Ended March 31,		Increase (Decrease)	
	2026	2025	Amount	Percent (%)
	(Dollars in thousands)			
Salaries and employee benefits	\$ 56,223	\$ 48,460	\$ 7,763	16.0 %
Occupancy, furniture and equipment	10,566	8,836	1,730	19.6 %
Software-related expense	6,285	4,588	1,697	37.0 %
Data and item processing	3,568	2,362	1,206	51.1 %
Amortization of investments in affordable housing partnerships	2,474	1,961	513	26.2 %
FDIC assessments	2,814	2,502	312	12.5 %
FDIC special assessment (reversal)	(58)	—	(58)	(100.0)%
Earned interest credit expense	2,383	3,087	(704)	(22.8)%
Merger and restructuring-related costs	234	2,519	(2,285)	(90.7)%
Other noninterest expense	9,966	9,546	420	4.4 %
Total noninterest expense	<u>\$ 94,455</u>	<u>\$ 83,861</u>	<u>\$ 10,594</u>	<u>12.6 %</u>

The year-over-year increase in noninterest expense for the three months ended March 31, 2026, compared with the same period of 2025, was primarily driven by increases in salaries and employee benefits; occupancy, furniture and equipment; software; and data and item processing, partially offset by a decrease in merger and restructuring-related costs.

Salaries and employee benefits expense increased \$7.8 million, or 16.0%, for the first quarter of 2026, compared with the same period of 2025. The year-over-year increase in salaries and employee benefits was primarily due to an increase in headcount following the 2025 Territorial acquisition. The number of full-time equivalent employees was 1,424 and 1,227 at March 31, 2026 and 2025, respectively.

Occupancy, furniture and equipment expense increased \$1.7 million, or 19.6%, for the first quarter of 2026, compared with the same period of 2025. The increase was primarily due to the increased number of Bank locations resulting from the Territorial acquisition. As of March 31, 2026, we operated 28 branches in Hawaii that were acquired in its 2025 Merger with Territorial.

Merger and restructuring-related costs decreased \$2.3 million, or 90.7%, for the first quarter of 2026, compared with the same period of 2025. Merger and restructuring-related costs mainly comprised employee retention bonuses and professional fees related to the Territorial acquisition, which was completed on April 2, 2025. See [Note 15](#) - “Acquisitions” of the Notes to Consolidated Financial Statements for additional information regarding the Merger.

Provision for Income Taxes

For the three months ended March 31, 2026, we recorded an income tax provision of \$8.4 million on pretax income of \$37.9 million, representing an effective tax rate of 22.10%, compared with an income tax provision of \$6.7 million on pretax income of \$27.8 million, representing an effective tax rate of 24.24%, for the three months ended March 31, 2025.

The year-over-year changes in the income tax provision or benefit, as well as the effective tax rates, for the three months ended March 31, 2026, compared with the three months ended March 31, 2025, reflected the impact of renewable energy tax credit investments made in the first quarter of 2026 and a lower California state tax apportionment.

We invest in affordable housing partnerships and receive tax credits that reduce our overall effective tax rate. Amortization of investments in affordable housing partnerships is recorded in noninterest expense based on benefit schedules of individual investment projects under the equity method of accounting. The benefit schedules show tax deductions investors can take each year. We amortize the initial cost of the investments in affordable housing partnerships. This amortization expense is more than offset by tax credits received, which reduce our tax provision expense dollar for dollar, and the tax benefits related to any tax losses generated through the affordable housing project's expenditures. For the three months ended March 31, 2026 and 2025, total tax credits and other tax benefits related to our investment in affordable housing partnerships were approximately \$2.3 million and \$2.7 million, respectively.

In addition to affordable housing partnerships, we invest in projects that qualify for renewable energy tax credits. Amortization of investments in renewable energy projects is recorded as a part of income tax expense under the proportional amortization method of accounting. For the three months ended March 31, 2026 and 2025, the total generated renewable energy tax credits and benefits was \$8.1 million and \$350 thousand, respectively. This was partially offset by amortization on the investments, which was \$7.0 million and \$319 thousand for the three months ended March 31, 2026 and 2025, respectively.

Financial Condition

At March 31, 2026, total assets were \$18.66 billion, an increase of \$125.2 million, or 0.7%, from \$18.53 billion at December 31, 2025. The increase in total assets was primarily due to increases in investment securities and cash and cash equivalents, partially offset by a decrease in loans receivable during the three months ended March 31, 2026.

Investment Securities Portfolio

At March 31, 2026, we had \$1.95 billion in investment securities AFS, compared with \$1.83 billion at December 31, 2025. The net unrealized loss on the investment securities AFS at March 31, 2026, was \$194.6 million, compared with a net unrealized loss on securities AFS of \$185.3 million at December 31, 2025. The year-to-date increase in net unrealized loss position reflected movements in market interest rates during the period. At March 31, 2026, we had \$236.1 million in investment securities HTM, compared with \$239.8 million at December 31, 2025. We have the ability and intent to hold securities classified as HTM to maturity.

During the three months ended March 31, 2026, \$277.9 million in investment securities was purchased, \$34.1 million in investment securities was sold, \$54.5 million in investment securities was paid down, and \$68.5 million in investment securities was called.

We performed an analysis on our investment securities in unrealized loss positions at March 31, 2026 and December 31, 2025, and determined that an allowance for credit losses was not required for investment securities AFS or HTM. The majority of our investment portfolio consisted of securities issued by U.S. Government agencies or U.S. Government sponsored enterprises, which were determined to have a zero loss expectation. At March 31, 2026, we also had four asset-backed securities, five corporate securities, and 30 municipal bonds not issued by U.S. Government agencies or U.S. Government sponsored enterprises that were in unrealized loss positions. Based on our analysis of these investment securities, we concluded a credit loss did not exist due to the strength of the issuers, high bond ratings, and because full payment of principal and interest is expected.

Loans Receivable

At March 31, 2026, loans receivable totaled \$14.64 billion, a decrease of \$61.3 million, or 0.4%, from \$14.70 billion at December 31, 2025. The following table summarizes our loan portfolio by amount and percentage of total loans outstanding in each loan segment as of the dates indicated:

	March 31, 2026		December 31, 2025	
	Amount	Percent	Amount	Percent
(Dollars in thousands)				
Loan portfolio composition				
CRE loans	\$ 8,457,673	58 %	\$ 8,494,508	58 %
C&I loans	3,680,935	25 %	3,711,875	25 %
Residential mortgage loans	2,466,187	17 %	2,440,456	17 %
Consumer and other loans	34,894	— %	54,173	— %
Total loans receivable, net of deferred costs and fees	14,639,689	100 %	14,701,012	100 %
Allowance for credit losses	(155,114)		(156,661)	
Loans receivable, net of allowance for credit losses	\$ 14,484,575		\$ 14,544,351	

The following tables present the segmentation by property type and geography of our largest loan segment, CRE loans, at March 31, 2026 and December 31, 2025.

	March 31, 2026				December 31, 2025			
	Amount	%	Average Loan Size	Weighted Average LTV ⁽¹⁾	Amount	%	Average Loan Size	Weighted Average LTV ⁽¹⁾
	(Dollars in thousands)							
Multi-tenant retail	\$ 1,586,993	19 %	\$ 2,491	42 %	\$ 1,618,715	19 %	\$ 2,506	42 %
Industrial warehouses	1,282,413	15 %	2,617	41 %	1,258,703	15 %	2,553	39 %
Multifamily	1,189,481	14 %	2,384	59 %	1,191,145	14 %	2,363	59 %
Gas stations and car washes	1,160,481	14 %	2,018	50 %	1,176,491	14 %	2,021	50 %
Hotels/motels	826,422	9 %	2,289	41 %	821,845	9 %	2,277	43 %
Mixed-use facilities	677,227	8 %	1,866	48 %	691,821	8 %	1,855	49 %
Single-tenant retail	648,494	8 %	1,461	47 %	658,440	8 %	1,460	46 %
Office	331,939	4 %	2,000	55 %	331,603	4 %	1,962	54 %
All other	754,223	9 %	1,571	41 %	745,745	9 %	1,528	41 %
Total CRE loans	<u>\$ 8,457,673</u>	<u>100 %</u>	2,107	47 %	<u>\$ 8,494,508</u>	<u>100 %</u>	2,089	46 %
CRE loans owner occupied	\$ 2,722,474	32 %	\$ 2,367	45 %	\$ 2,692,265	32 %	\$ 2,305	45 %
CRE loans non-owner occupied	5,735,199	68 %	2,002	47 %	5,802,243	68 %	2,001	47 %

⁽¹⁾ Weighted average loan-to-value ("LTV"): LTVs are based on collateral value which utilizes the most recent available appraisal and property-specific data, including submarket appreciation or depreciation, and changes to vacancy, debt service coverage or rent per square foot.

	March 31, 2026		December 31, 2025	
	Amount	%	Amount	%
	(Dollars in thousands)			
CRE loans by geography				
Southern California	\$ 4,472,565	53 %	\$ 4,558,082	54 %
Northern California	645,712	8 %	676,501	8 %
California	5,118,277	61 %	5,234,583	62 %
New York	1,140,080	14 %	1,110,617	13 %
Texas	676,355	8 %	647,729	8 %
New Jersey	356,001	4 %	352,799	4 %
Washington	167,756	2 %	165,653	2 %
Illinois	118,546	1 %	115,787	1 %
Other states	880,658	10 %	867,340	10 %
Total	<u>\$ 8,457,673</u>	<u>100 %</u>	<u>\$ 8,494,508</u>	<u>100 %</u>

Lines of credit or loan commitments to business customers are normally made for a period of three years or less. The same credit policies are used in making commitments and conditional obligations as for providing loan facilities to customers. Annual reviews of such commitments are performed prior to renewal.

The following table shows loan commitments and letters of credit outstanding as of the dates indicated:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	(Dollars in thousands)
Unfunded commitments to extend credit	\$ 2,121,374	\$ 2,200,436
Standby letters of credit	199,456	154,067
Other commercial letters of credit	30,475	18,848
Total loan commitments and letters of credit	<u>\$ 2,351,305</u>	<u>\$ 2,373,351</u>

Nonperforming Assets

Nonperforming assets, which consist of nonaccrual loans, accruing delinquent loans past due 90 days or more, and OREO, totaled \$120.5 million at March 31, 2026, compared with \$136.1 million at December 31, 2025, a decrease of 11.4%. The year-to-date decrease in nonperforming loans was largely driven by the payoff of a large CRE nonaccrual loan during the first quarter of 2026. The ratio of nonperforming assets to total assets decreased to 0.65% at March 31, 2026, compared with 0.73% at December 31, 2025. Nonaccrual loans to loans receivable was 0.75% at March 31, 2026, decreased from 0.90% at December 31, 2025.

The following table summarizes the composition of our nonperforming assets as of the dates indicated:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
Nonaccrual loans ⁽¹⁾	\$ 109,512	\$ 131,747
Accruing delinquent loans past due 90 days or more	10,642	3,943
Total nonperforming loans	120,154	135,690
OREO	365	365
Total nonperforming assets	\$ 120,519	\$ 136,055
Nonaccrual loans to loans receivable	0.75 %	0.90 %
Nonperforming loans to loans receivable	0.82 %	0.92 %
Nonperforming assets to total assets	0.65 %	0.73 %
Allowance for credit losses to nonaccrual loans	141.64 %	118.91 %
Allowance for credit losses to nonperforming loans	129.10 %	115.46 %
Allowance for credit losses to nonperforming assets	128.71 %	115.15 %

⁽¹⁾ Nonaccrual loans exclude the guaranteed portion of delinquent SBA loans that are in liquidation totaling \$19.4 million at March 31, 2026, and \$15.6 million at December 31, 2025.

Allowance for Credit Losses

The ACL was \$155.1 million at March 31, 2026, compared with \$156.7 million at December 31, 2025. The ACL coverage ratio was 1.06% and 1.07% of loans receivable at March 31, 2026 and December 31, 2025, respectively. The following table reflects the allocation of the ACL by loan segment and the ratio of total ACL to total loans as of the dates indicated:

	March 31, 2026	December 31, 2025
	(Dollars in thousands)	
CRE loans	\$ 90,301	\$ 85,144
C&I loans	54,509	60,172
Residential mortgage loans	9,937	10,557
Consumer and other loans	367	788
Total	\$ 155,114	\$ 156,661
Allowance for credit losses to loans receivable	1.06 %	1.07 %

The decrease in ACL at March 31, 2026, compared with December 31, 2025, was due to a decrease in ACL for C&I loans, which was due to overall improvements in credit metrics for C&I loans as result of charge offs made during the quarter to resolve problem loans. The ACL for CRE loans increased from December 31, 2025 to March 31, 2026, primarily driven by a weakening in the commercial real estate price index forecasts from December 31, 2025 to March 31, 2026. The third-party economic forecast used in the calculation at March 31, 2026, projected slightly higher GDP growth but lower growth in the CRE price index and unemployment rates remained largely unchanged relative to the forecast used at December 31, 2025.

The following table presents the provisions for credit losses on loans, the amount of loans charged off, and the recoveries on loans previously charged off, together with the balance of the ACL at the beginning and end of each period, the balance of average loans and loans receivable outstanding, and related ratios at the dates and for the periods indicated:

	At or for the Three Months Ended March 31,	
	2026	2025
	(Dollars in thousands)	
LOANS:		
Average loans	\$ 14,689,516	\$ 13,455,201
Loans receivable (end of period)	\$ 14,639,689	\$ 13,335,294
ALLOWANCE:		
Balance, beginning of period	\$ 156,661	\$ 150,527
Less loan charge offs:		
CRE loans	(907)	(905)
C&I loans	(10,162)	(7,555)
Consumer and other loans	—	(88)
Total loan charge offs	(11,069)	(8,548)
Plus loan recoveries:		
CRE loans	90	6
C&I loans	231	171
Consumer and other loans	1	56
Total loan recoveries	322	233
Net loan charge offs	(10,747)	(8,315)
Provision for credit losses on loans	9,200	5,200
Balance, end of period	\$ 155,114	\$ 147,412
Net loan charge offs to average loans*	0.29 %	0.25 %
Allowance for credit losses to loans receivable at end of period	1.06 %	1.11 %

* Annualized

Net loan charge offs as a percentage of average loans were 0.29%, annualized, for the three months ended March 31, 2026, compared with net loans charge offs of 0.25%, annualized, for the same period in 2025. Net loan charge offs for the three months ended March 31, 2026, primarily reflected C&I loan net charge offs of \$9.9 million.

We believe the ACL at March 31, 2026 was adequate to absorb current expected lifetime losses in the loan portfolio. However, there is no assurance that actual losses will not exceed the current estimated credit losses. Among other things, if the effects of the tariffs, global trade tensions, inflation, potential economic recession, and the wars in Iran, the Gaza Strip, and Ukraine are worse than currently expected, or if the effects are prolonged, actual losses could exceed the estimated credit losses, which could have a material and adverse effect on our financial condition and results of operations.

At March 31, 2026, we had \$45.2 million in accrued interest receivables on loans, compared with \$43.5 million at December 31, 2025.

Investments in Tax Credit Structures

At March 31, 2026, we had \$30.0 million in investments in affordable housing partnerships, compared with \$27.9 million at December 31, 2025. The increase in investments in affordable housing partnerships primarily reflected investment in affordable housing partnerships of \$4.5 million, partially offset by amortization during the three months ended March 31, 2026. Off-balance sheet commitments to fund investments in affordable housing partnerships totaled \$16.0 million and \$20.5 million at March 31, 2026 and December 31, 2025, respectively. Investments in affordable housing partnerships provide low-income housing tax credits.

At March 31, 2026, we had \$30.4 million in investments in renewable energy tax credits on the Consolidated Statements of Financial Condition, compared with \$12.4 million at December 31, 2025, which was recorded in other assets. At March 31, 2026 and December 31, 2025, unfunded commitments were \$39.6 million and \$12.4 million, respectively, which were recorded in other liabilities. The increase in both investments in renewable energy tax credits and their unfunded commitments reflected new investments made. During the three months ended March 31, 2026, we made new commitments to invest \$25.0 million in renewable energy tax credit investments.

Deposits, Borrowings, Convertible Notes, and Subordinated Debentures

Deposits

Deposits are the primary source of funds used in lending and investment activities. At March 31, 2026, total deposits were \$15.73 billion, an increase of \$123.3 million, or 0.8%, from \$15.60 billion at December 31, 2025.

The following table sets forth the balances of our deposits by category for the periods indicated:

	March 31, 2026		December 31, 2025	
	Balance	Percent	Balance	Percent
	(Dollars in thousands)			
Demand, noninterest bearing	\$ 3,387,757	22 %	\$ 3,371,759	22 %
Money market, interest bearing demand and savings	6,036,197	38 %	5,856,373	37 %
Time deposits	6,302,488	40 %	6,375,011	41 %
Total deposits	<u>\$ 15,726,442</u>	<u>100 %</u>	<u>\$ 15,603,143</u>	<u>100 %</u>

At March 31, 2026, we had \$1.04 billion in brokered deposits and \$300.0 million in California State Treasurer deposits, compared with \$902.0 million in brokered deposits and \$300.0 million in California State Treasurer deposits at December 31, 2025. The California State Treasurer time deposits at March 31, 2026, had original maturities of six months, a weighted average interest rate of 3.67%, and were collateralized with a \$330.0 million letter of credit issued by the FHLB. At March 31, 2026, time deposits owned by state and local governments in Hawaii were \$293.9 million, and were collateralized by investment securities with an aggregate fair value of \$315.6 million. At March 31, 2026, time deposits of more than \$250 thousand totaled \$3.19 billion, compared with \$3.21 billion at December 31, 2025.

The Bank's estimated insured deposits at March 31, 2026, were equivalent to approximately 61% of the Bank's total deposits, compared with approximately 62% at December 31, 2025. The Bank's estimated uninsured deposits at March 31, 2026, totaled \$6.09 billion (39% of deposits), compared with \$5.98 billion (38% of deposits) at December 31, 2025. Uninsured deposits are estimated based on the portion of account balances in excess of FDIC insurance limits.

The following is a schedule of time deposit maturities at March 31, 2026:

	March 31, 2026	
	Balance	Percent
	(Dollars in thousands)	
Three months or less	\$ 2,249,723	36 %
Over three months through six months	1,964,016	31 %
Over six months through nine months	978,103	16 %
Over nine months through twelve months	909,476	14 %
Over twelve months	201,170	3 %
Total time deposits	<u>\$ 6,302,488</u>	<u>100 %</u>

FHLB and FRB Borrowings and Other Borrowings

We utilize FHLB and FRB borrowings as a secondary source of funds in addition to deposits, which we consider our primary source of funds. FHLB advances are typically secured by pledged loans and/or securities with a market value at least equal to the outstanding advances plus our investment in FHLB stock. At March 31, 2026, borrowings totaled \$285.0 million, consisting entirely of FHLB borrowings, compared with \$284.9 million borrowings at December 31, 2025. At March 31, 2026 and December 31, 2025, the weighted average remaining maturity of total FHLB borrowings was 1.6 years and 1.9 years, respectively. The weighted average coupon rate for FHLB borrowings was 3.32% at both March 31, 2026 and December 31, 2025.

We did not have federal funds purchased at March 31, 2026, and December 31, 2025.

Subordinated Debentures

Trust preferred securities accrue and pay distributions periodically at specified annual rates as provided in the related indentures for the securities. The trusts used the net proceeds from their respective offerings to purchase a like amount of subordinated debentures issued by us. The subordinated debentures are the sole assets of the trusts. Our obligations under the subordinated debentures and related documents, taken together, constitute a full and unconditional guarantee by us of the obligations of the trusts. The subordinated debentures totaled \$110.9 million at March 31, 2026, and \$110.5 million at December 31, 2025. The trust preferred securities are mandatorily redeemable upon the maturity of the subordinated debentures, or upon earlier redemption as provided in the indentures. We have the right to redeem the subordinated debentures in whole (but not in part) on or after specific dates, at a redemption price specified in the indentures plus any accrued but unpaid interest to the redemption date. See [Note 8](#) - “Convertible Notes and Subordinated Debentures” of the Notes to Consolidated Financial Statements for additional information regarding the subordinated debentures issued.

Off-Balance-Sheet Activities and Contractual Obligations

We routinely engage in activities that involve, to varying degrees, elements of risk that are not reflected, in whole or in part, in the Consolidated Financial Statements. These activities are part of our normal course of business and include traditional off-balance-sheet credit-related financial instruments, interest rate swap contracts, foreign exchange contracts, commitments related to affordable housing partnership investments accounted under the equity method, and long-term debt.

Traditional off-balance-sheet credit-related financial instruments are primarily commitments to extend credit and standby letters of credit. These activities could require us to make cash payments to third parties if certain specified future events occur. The contractual amounts represent the extent of our exposure in these off-balance-sheet activities. These activities are necessary to meet the financing needs of our customers.

We enter into interest rate contracts under which we are required to either receive cash from or pay cash to counterparties depending on changes in interest rates. We utilize interest rate contracts, interest rate floors, and interest rate caps to help manage the risk of changing interest rates. We also sell interest rate contracts to certain adjustable rate commercial loan customers to fix the interest rate on their floating rate loans. When the fixed rate interest rate contract is originated with the customer, an identical offsetting interest rate contract is also entered into by us with a correspondent bank.

We have outstanding risk participation agreements that are part of syndicated loan transactions that we participated in as a means to earn additional fee income. Risk participation agreements are credit derivatives not designated as hedges, in which we share in the risk related to the interest rate swap on participated loans. Credit derivatives are not speculative and are not used to manage interest rate risk in assets or liabilities.

We enter into various stand-alone mortgage-banking derivatives in order to hedge the risk associated with the fluctuation of interest rates. The first type of derivative, an interest rate lock commitment, is a commitment to originate loans whereby the interest rate on the loan is determined prior to funding. To mitigate interest rate risk on these rate lock commitments, we also enter into forward commitments, or commitments to deliver residential mortgage loans on a future date, which are also considered derivatives. The net change in the fair value of derivatives represents income recorded from changes in fair value for these mortgage derivative instruments.

We invest in the equity of certain limited partnerships or limited liability companies that typically are associated with affordable housing partnerships and renewable energy projects that generate low-income tax credits, investment tax credits, and/or CRA credits. The unfunded commitments on affordable housing partnerships are off-balance sheet liabilities and are funded based on funding schedule or as called by the limited liability companies.

We do not anticipate that our current off-balance-sheet activities will have a material impact on our future results of operations or our financial condition. Further information regarding our financial instruments with off-balance-sheet risk can be found in Item 3 “Quantitative and Qualitative Disclosures about Market Risk.”

Stockholders’ Equity and Regulatory Capital

Historically, our primary source of capital has been the retention of earnings, net of interest payments on subordinated debentures and convertible notes and dividend payments to stockholders. We seek to maintain capital at a level sufficient to assure our stockholders, customers, and regulators that Hope Bancorp and the Bank are financially sound. For this purpose, we perform ongoing assessments of capital related risks, components of capital, as well as projected sources and uses of capital in conjunction with projected increases in assets and levels of risks.

Total stockholders’ equity was \$2.28 billion at both March 31, 2026 and December 31, 2025. During the three months ended March 31, 2026, stockholders’ equity increased by \$112 thousand due to net income earned of \$29.5 million, partially offset by cash dividends paid of \$17.9 million, repurchases of treasury stock of \$6.7 million, an increase in accumulated other comprehensive loss of \$4.1 million, and a decrease in additional paid-in capital consisting of \$687 thousand in stock-based compensation. The increase in accumulated other comprehensive loss from December 31, 2025 to March 31, 2026, primarily reflected an increase in unrealized losses on our investment securities AFS due to changes in market interest rates.

In January 2022, our Board of Directors approved a stock repurchase plan that authorized management to repurchase up to \$50.0 million of common stock. Stock repurchases through the plan may be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or by other means as determined by management and in accordance with SEC rules and regulations. We had \$28.6 million remaining of the \$50.0 million stock repurchase plan at March 31, 2026. During the first quarter of 2026, we repurchased 604,161 shares, equivalent to 0.5% of shares outstanding, at an average price of \$11.10 per share, for a total of \$6.7 million.

At March 31, 2026 and December 31, 2025, the most recent regulatory notification generally categorized the Bank as “well capitalized” under the general regulatory framework for Prompt Corrective Action. To be generally categorized as “well-capitalized” the Bank must maintain the common equity Tier 1 capital, total capital, Tier 1 capital, and Tier 1 leverage capital ratios as set forth in the tables below.

	March 31, 2026			
	Actual		Ratio Required To Be Well-Capitalized	Excess Over Well- Capitalized
	Amount	Ratio		
(Dollars in thousands)				
Hope Bancorp, Inc.				
Common equity tier 1 capital (to risk-weighted assets)	\$	1,906,632	12.36 %	N/A
Tier 1 capital (to risk-weighted assets)	\$	2,013,602	13.05 %	N/A
Total capital (to risk-weighted assets)	\$	2,171,355	14.07 %	N/A
Leverage capital (to average assets)	\$	2,013,602	11.11 %	N/A
Bank of Hope				
Common equity tier 1 capital (to risk-weighted assets)	\$	1,963,511	12.73 %	6.50 %
Tier 1 capital (to risk-weighted assets)	\$	1,963,511	12.73 %	8.00 %
Total capital (to risk-weighted assets)	\$	2,121,264	13.75 %	10.00 %
Leverage capital (to average assets)	\$	1,963,511	10.84 %	5.00 %
December 31, 2025				
	Actual		Ratio Required To Be Well-Capitalized	Excess Over Well- Capitalized
	Amount	Ratio		
(Dollars in thousands)				
Hope Bancorp, Inc.				
Common equity tier 1 capital (to risk-weighted assets)	\$	1,904,868	12.27 %	N/A
Tier 1 capital (to risk-weighted assets)	\$	2,011,484	12.96 %	N/A
Total capital (to risk-weighted assets)	\$	2,171,256	13.99 %	N/A
Leverage capital (to average assets)	\$	2,011,484	11.05 %	N/A
Bank of Hope				
Common equity tier 1 capital (to risk-weighted assets)	\$	1,989,051	12.82 %	6.50 %
Tier 1 capital (to risk-weighted assets)	\$	1,989,051	12.82 %	8.00 %
Total capital (to risk-weighted assets)	\$	2,148,823	13.85 %	10.00 %
Leverage capital (to average assets)	\$	1,989,051	10.93 %	5.00 %

Liquidity Management

Liquidity risk is the risk of reduction in our earnings or capital that would result if we were not able to meet our obligations when they come due without incurring unacceptable losses. Liquidity risk includes the risk of unplanned decreases or changes in funding sources and changes in market conditions that affect our ability to liquidate assets quickly and with minimum loss of value. Factors considered in liquidity risk management are the stability of the deposit base; the marketability, maturity, and pledging of our investments; the availability of alternative sources of funds; and our demand for credit. The objective of our liquidity management is to have funds available to meet cash flow requirements arising from fluctuations in deposit levels and the demands of daily operations, which include funding of securities purchases, providing for customers' credit needs, and ongoing repayment of borrowings.

Our primary sources of liquidity are derived from financing activities, which include deposits, federal funds facilities, and borrowings from the FHLB and the FRB's Discount Window. These funding sources are augmented by payments of principal and interest on loans and securities, proceeds from sale of loans, and the liquidation or sale of securities from our available for sale portfolio or sale of equity investments. Primary uses of funds include withdrawal of and interest payments on deposits, originations of loans, purchases of investment securities, and payment of operating expenses.

At March 31, 2026, our total borrowing capacity, cash and cash equivalents, and unpledged securities totaled \$8.38 billion, compared with \$8.39 billion at December 31, 2025. At March 31, 2026, our borrowing capacity comprised \$4.30 billion from the FHLB (\$4.02 billion unused and available to borrow), \$1.60 billion from the FRB (entirely unused and available to borrow), and \$331.2 million of Fed funds facilities with other banks (entirely unused). At March 31, 2026, our total remaining available borrowing capacity was \$5.95 billion. In addition to these lines, cash and cash equivalents totaled \$594.8 million, and unpledged investment securities AFS amounted to \$1.84 billion.

At times we maintain a portion of our liquid assets in interest earning cash deposits with other banks, overnight federal funds sold to other banks, and in investment securities AFS that are not pledged. Our liquid assets consist of cash and cash equivalents, interest earning cash deposits with other banks, liquid investment securities AFS, and loan repayments within 30 days. Liquid assets totaled \$2.22 billion and \$2.19 billion at March 31, 2026 and December 31, 2025, respectively. Our liquidity ratio, or total liquid assets as a percentage of total assets, at March 31, 2026 totaled 11.9%, compared with 11.8% at December 31, 2025. Cash and cash equivalents totaled \$594.8 million at March 31, 2026 compared to \$560.1 million at December 31, 2025. We believe our liquidity sources are sufficient to meet all reasonably foreseeable short-term and intermediate-term needs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that movements in market risk factors, including interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads, and volatilities, will negatively impact the Company's income and the value of its portfolios. The Company is exposed to market risk as a result of its core business of extending loans and acquiring deposits, and secondarily through its asset and liability management activities. The Company's asset and liability management activities are intended to optimize earnings while maintaining safety and soundness through proper risk management.

Interest Rate Risk

Interest rate risk is the most significant market risk impacting the Company. Interest rate risk, which is inherent in the banking industry, is measured by potential changes in net interest income ("NII") and the economic value of equity ("EVE"). The primary forms of interest rate risk consist of repricing risk, basis risk, yield curve risk, and options risk.

- **Repricing Risk:** The risk that interest rate sensitive assets and liabilities do not reprice simultaneously and/or in equal volumes.
- **Basis Risk:** The risk that different indices with the same repricing frequency do not move in unison due to asymmetrical changes in interest rate indices.
- **Yield Curve Risk:** The risk from non-parallel changes in the slope of the yield curve.
- **Options Risk:** The risk that cash flows change due to embedded options (e.g., prepayment / extension, call options, deposit runoff, time deposit early withdrawal).

The Company's interest rate risk management is governed by policies reviewed and approved annually by the Board of Directors. The Board delegates responsibility for interest rate risk management to the Board Risk Committee and to the Asset and Liability Management Committee ("ALM"), which is composed of the Bank's senior executives and other designated officers.

The fundamental objective of the ALM is to manage exposure to interest rate fluctuations while maintaining adequate levels of liquidity and capital. ALM meets regularly to monitor the Company's interest rate risk, balance sheet activities, on- and off-balance sheet composition, earnings, capital, and market trends. Overall, the Company aims to reduce the sensitivity of earnings to interest rate fluctuations. Certain assets and liabilities, however, may react in different degrees to changes in market interest rates. Furthermore, interest rates on certain types of assets and liabilities may fluctuate prior to changes in market interest rates, while interest rates on other types of assets and liabilities may lag behind changes in market interest rates. The expected maturities of various assets or liabilities may shorten or lengthen as interest rates change. Management considers the anticipated effects of these factors when implementing interest rate risk management objectives.

The Company's interest rate risk sensitivity simulations apply various behavior models and assumptions to account for customer tendencies stemming from interest rate risk changes. The key behavior models and assumptions incorporated in the EVE and NII simulations impact deposit pricing, deposit runoff, time deposit early withdrawal, and prepayments on loans and investments. The deposit pricing model is one of the most significant of these assumptions and determines to what degree our deposit rates change when benchmark interest rates change. The deposit runoff model reflects the increased attrition rate observed in noninterest bearing deposits in higher rate scenarios as customers migrate to interest bearing deposits and/or alternative investments. The time deposit early withdrawal model incorporates the customer's ability to early terminate time deposits and reprice higher. The prepayment models applied to loans and investments reflects the incentive borrowers have to refinance when market rates are low while conversely slowing down their payments in higher rate environments. Each of the models and assumptions are tailored to the specific interest rate environment and validated on a regular basis. However, assumptions and models are inherently uncertain and actual results may differ from those derived in simulation analysis for multiple reasons, which may include actual balance sheet composition differences, timing, magnitude and frequency of interest rate changes, deviations from projected customer behavioral assumptions, and changes in market conditions or management strategies.

Net Interest Income Sensitivity Simulation

Net interest income sensitivity simulations are used by management to measure the risk and impact to earnings over various time horizons, using a variety of interest rate scenarios. The following table presents the Company's net interest income sensitivity profile over a gradual 12-month "ramp" scenario applied to the base implied forward curve. The "ramp" scenario is a parallel shift applied gradually over the 12 months of the forecast on a pro rata basis. The scenarios are applied to an adjusted balance sheet that incorporates assumptions related to asset prepayments, time deposit withdrawal speeds, noninterest bearing deposit migration, and estimated deposit betas; these assumptions differ in rising or falling interest rate scenarios and are anchored in historical performance. Deposit betas represent the change in the rates paid on deposits against a change in benchmark interest indices. The net interest income simulation model does not represent a forecast of the Company's net interest income but is a tool utilized to assess the impact of changing market interest rates across a range of market interest rate environments.

The following table presents the Company's net interest income sensitivity related to a 12-month parallel ramp of 100, 200 and 300 bps applied in year 1 on implied forward market interest rates as of March 31, 2026, and March 31, 2025, on a balance sheet assuming static balances on assets and liabilities with deposit balances modeled to migrate from noninterest bearing deposits to interest bearing deposits as rates move.

Net Interest Income Sensitivity	Interest Rate Change (basis points)					
	(300)	(200)	(100)	+ 100	+ 200	+ 300
March 31, 2026	(8.5)%	(5.7)%	(2.8)%	3.8%	7.6%	10.7%
March 31, 2025	(6.6)%	(4.5)%	(2.3)%	2.5%	4.8%	6.8%

The year-over-year changes in the modeled net interest income sensitivity profile are primarily driven by growth in time deposits, which typically exhibits a lagged response to interest rate changes, along with an increase in money market deposits, partially offset by a lower cash balance and a slight decline in C&I loans.

Economic Value of Equity Sensitivity

EVE is used by management to measure the impact of interest rate changes on the net present value of assets and liabilities, including off-balance sheet instruments. EVE estimates the risk exposure for a longer time horizon, or more specifically, the expected life of the current balance sheet, complementing net interest income sensitivity simulations. EVE does not incorporate any assumptions related to new originations or renewal activities used in the net interest income sensitivity analysis. The following table presents the Company's EVE profile applied to immediate parallel shock scenarios.

Economic Value of Equity Sensitivity	Interest Rate Change (basis points)					
	(300)	(200)	(100)	+ 100	+ 200	+ 300
March 31, 2026	3.0%	4.1%	2.9%	(3.7)%	(8.1)%	(13.0)%
March 31, 2025	3.7%	4.5%	3.0%	(3.8)%	(8.3)%	(13.6)%

The year-over-year changes in the EVE profile reflect longer duration on interest-bearing non-maturity deposits driven by the acquisition of Territorial Bank along with a shortening of the investment and CRE loan portfolios. These changes were almost entirely offset by the increase in longer duration fixed-rate residential mortgage loans from the acquisition of Territorial Bank.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chairman, President, and Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We conducted an evaluation under the supervision and with the participation of our management, including our Chairman, President, and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chairman, President, and Chief Executive Officer and our Chief Financial Officer determined that our disclosure controls and procedures were effective at March 31, 2026.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, the Company is involved in various legal claims. Management has reviewed all legal claims against the Company with counsel and has taken into consideration the views of such counsel as to the potential outcome of the claims in determining our accrued loss contingency. Accrued loss contingencies for all legal claims totaled approximately \$459 thousand at March 31, 2026. It is reasonably possible the Company may incur losses in excess of this accrued loss contingency. However, at this time, the Company is unable to estimate the range of additional losses that are reasonably possible because of a number of factors, including the fact that certain of these litigation matters are still in their early stages. Management believes that none of these legal claims, individually or in the aggregate, will have a material adverse effect on the results of operations or financial condition of the Company.

Item 1A. Risk Factors

Management is not aware of any material changes to the risk factors discussed in Part 1, Item 1A, of the Annual Report on Form 10-K for the year ended December 31, 2025. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part 1, Item 1A, of the Annual Report on Form 10-K for the year ended December 31, 2025, which could materially and adversely affect the Company's business, financial condition, results of operations, and stock price. The risks described in the Annual Report on Form 10-K and this Quarterly Report on Form 10-Q are not the only risks facing the Company. Additional risks and uncertainties not presently known to management, or that management presently believes not to be material, may also result in material and adverse effects on the Company's business, financial condition, results of operations, and stock price.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company did not have any unregistered sales of equity securities during the three months ended March 31, 2026.

In January 2022, the Company's Board of Directors approved a stock repurchase program that authorized the Company to repurchase up to \$50.0 million of its common stock. The stock repurchase authorization does not have an expiration date and may be modified, amended, suspended, or discontinued at the Company's discretion at any time without notice. The Board of Directors reaffirmed this repurchase program in December 2025.

The following table summarizes stock repurchase activities during the three months ended March 31, 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
				(Dollars in thousands)
January 1, 2026 to January 31, 2026	—	\$ —	—	\$ 35,333
February 1, 2026 to February 28, 2026	—	—	—	35,333
March 1, 2026 to March 31, 2026	604,161	11.10	604,161	28,628
Total	604,161	11.10	604,161	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

During the three months ended March 31, 2026, no director or officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

See "Index to Exhibits."

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	<u>Second Amended and Restated Certificate of Incorporation of Hope Bancorp, Inc. (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 3.1, filed with the SEC on May 29, 2024)</u>
3.2	<u>Amended and Restated Bylaws of Hope Bancorp, Inc. (incorporated herein by reference to the Current Report on Form 8-K, Exhibit 3.1, filed with the SEC on January 16, 2026)</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u>
31.2	<u>Certification of Chief Finance Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</u>
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**</u>
101.INS	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* **Filed herewith**

** **Furnished 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.

HOPE BANCORP, INC.

Date: May 6, 2026

/s/ Kevin S. Kim

Kevin S. Kim

Chairman, President, and Chief Executive Officer

Date: May 6, 2026

/s/ Julianna Balicka

Julianna Balicka

Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin S. Kim, certify that:

1. I have reviewed this periodic report on Form 10-Q of Hope Bancorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 registrants' 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.

Date: May 6, 2026

/s/ Kevin S. Kim

Kevin S. Kim

Chairman, President, and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Julianna Balicka certify that:

1. I have reviewed this periodic report on Form 10-Q of Hope Bancorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 registrants' 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.

Date: May 6, 2026

/s/ Julianna Balicka

Julianna Balicka

Executive Vice President and Chief Financial Officer

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

In connection with the periodic report of Hope Bancorp, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission (the “Report”), I, Kevin S. Kim, Chief Executive Officer, and I, Julianna Balicka, Chief Financial Officer, of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, 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.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: May 6, 2026

/s/ Kevin S. Kim
Kevin S. Kim
Chairman, President, and Chief Executive Officer

/s/ Julianna Balicka
Julianna Balicka
Executive Vice President and Chief Financial Officer