UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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**

For the transition period from _________ to _________

Commission File Number 0-25923

Eagle Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Maryland	52-2061461
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7500 Old Georgetown Road, 15th Floor, Bethesda, Maryland	20814
(Address of principal executive offices)	(Zip Code)

(301) 986-1800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	EGBN	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller Reporting Company ☐
Emerging Growth Company ☐

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

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

As of May 1, 2026, the registrant had 30,495,616 shares of common stock outstanding.

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

EAGLE BANCORP, INC.
Consolidated Balance Sheets
(dollars in thousands, except share and per share data)

	As of	
	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
Cash and due from banks	$ 12,626	$ 11,692
Interest-bearing deposits with banks and other short-term investments	566,733	684,001
Investment securities available-for-sale (amortized cost of $1,008,764 and $1,055,146, respectively, and allowance for credit losses of $0 and $0, respectively)	930,314	976,770
Investment securities held-to-maturity, net of allowance for credit losses of $907 and $1,030, respectively (fair value of $757,238 and $774,947, respectively)	841,273	854,780
Federal Reserve and Federal Home Loan Bank stock	27,685	28,327
Loans held for sale, at lower of cost or fair value	55,702	90,650
Loans held for investment, at amortized cost	6,938,560	7,280,459
Less: Allowance for credit losses	(147,163)	(159,604)
Loans held for investment, net of allowance	6,791,397	7,120,855
Premises and equipment, net	12,864	12,800
Right-of-use assets - operating leases	27,569	28,451
Deferred income taxes	132,729	132,330
Bank-owned life insurance	339,844	335,177
Other real estate owned	2,059	2,059
Other assets	213,486	219,311
Total Assets	$ 9,954,281	$ 10,497,203
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing demand	$ 1,488,668	$ 1,433,952
Interest-bearing transaction	978,330	1,038,154
Savings and money market	3,286,125	3,624,813
Time deposits	2,838,376	3,036,687
Total deposits	8,591,499	9,133,606
Long-term borrowings	76,511	76,428
Operating lease liabilities	34,532	35,256
Reserve for unfunded commitments	3,311	5,090
Other liabilities	103,151	115,540
Total Liabilities	8,809,004	9,365,920
Shareholders' Equity		
Common stock, par value 0.01 per share; shares authorized 100,000,000, shares issued and outstanding 30,494,659 and 30,359,632, respectively	302	300
Additional paid-in capital	383,050	382,499
Retained earnings	851,998	837,643
Accumulated other comprehensive income (loss)	(90,073)	(89,159)
Total Shareholders' Equity	1,145,277	1,131,283
Total Liabilities and Shareholders' Equity	$ 9,954,281	$ 10,497,203

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Operations (Unaudited)
(dollars in thousands, except per share data)

	For the Three Months Ended March 31,	
	2026	2025
Interest Income		
Interest and fees on loans	$ 109,566	$ 126,136
Interest and dividends on investment securities	9,646	11,912
Interest on balances with other banks and short-term investments	12,689	15,830
Total interest income	131,901	153,878
Interest Expense		
Interest on deposits	66,181	77,211
Interest on customer repurchase agreements	—	260
Interest on other short-term borrowings	—	8,733
Interest on long-term borrowings	2,026	2,025
Total interest expense	68,207	88,229
Net Interest Income	63,694	65,649
Provision for (Reversal of) Credit Losses	13,382	26,255
Provision for (Reversal of) Credit Losses for Unfunded Commitments	(1,779)	(297)
Net Interest Income (Loss) After Provision for (Reversal of) Credit Losses	52,091	39,691
Noninterest Income		
Service charges on deposits	1,732	1,743
Gain (loss) on sale of loans	3,550	—
Net gain (loss) on sale of investment securities	3	4
Increase in the cash surrender value of bank-owned life insurance	5,679	4,282
Other income	1,744	2,178
Total noninterest income	12,708	8,207
Noninterest Expense		
Salaries and employee benefits	23,247	21,968
Premises and equipment expenses	2,533	3,203
Marketing and advertising	868	1,371
Data processing	4,204	3,978
Legal, accounting and professional fees	4,312	3,122
FDIC insurance	7,009	8,962
Other expenses	6,567	2,847
Total noninterest expense	48,740	45,451
Income (Loss) Before Income Tax Expense	16,059	2,447
Income Tax Expense (Benefit)	1,341	772
Net Income (Loss)	$ 14,718	$ 1,675
Earnings (Loss) Per Common Share		
Basic	$ 0.48	$ 0.06
Diluted	$ 0.48	$ 0.06

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(dollars in thousands)

	For the Three Months Ended March 31,	
	2026	2025
Net Income (Loss)	$ 14,718	$ 1,675
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on securities available-for-sale	(79)	19,351
Amortization adjustment for (gain) loss on fair value hedging relationships	7	—
Reclassification adjustment for net (gain) loss included in net income (loss)	(3)	(3)
Total unrealized gain (loss) on investment securities available-for-sale	(75)	19,348
Amortization of unrealized loss on securities transferred to held-to-maturity	1,195	1,204
Unrealized gain (loss) on derivatives	(2,294)	(18)
Reclassification adjustment for (gain) loss on cash flow hedging relationships	260	—
Total unrealized gain (loss) on derivatives	(2,034)	(18)
Other comprehensive income (loss)	(914)	20,534
Comprehensive Income (Loss)	$ 13,804	$ 22,209

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
Three Months Ended March 31, 2026 and 2025
(dollars in thousands, except share data)

	Common					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance as of January 1, 2026	30,359,632	$ 300	$ 382,499	$ 837,643	$ (89,159)	$ 1,131,283
Net Income (Loss)	—	—	—	14,718	—	14,718
Other comprehensive income, net of tax	—	—	—	—	(914)	(914)
Stock-based compensation expense	—	—	1,511	—	—	1,511
Issuance of common stock under share-based compensation arrangements	131,212	2	(1,037)	(60)	—	(1,095)
Issuance of common stock related to employee stock purchase plan	3,815	—	77	—	—	77
Cash dividends declared ($0.01 per share)	—	—	—	(303)	—	(303)
Balance as of March 31, 2026	30,494,659	$ 302	$ 383,050	$ 851,998	$ (90,073)	$ 1,145,277
Balance as of January 1, 2025	30,202,003	$ 298	$ 384,932	$ 982,304	$ (141,473)	$ 1,226,061
Net Income (Loss)	—	—	—	1,675	—	1,675
Other comprehensive income, net of tax	—	—	—	—	20,534	20,534
Stock-based compensation expense	—	—	1,524	—	—	1,524
Issuance of common stock under share-based compensation arrangements	163,236	2	(2)	—	—	—
Issuance of common stock related to employee stock purchase plan	3,604	—	81	—	—	81
Cash dividends declared ($0.165 per share)	—	—	—	(4,984)	—	(4,984)
Balance as of March 31, 2025	30,368,843	$ 300	$ 386,535	$ 978,995	$ (120,939)	$ 1,244,891

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
Consolidated Statements of Cash Flows (Unaudited)
(dollars in thousands)

	For the Three Months Ended March 31,	
	2026	2025
Cash Flows From Operating Activities:		
Net Income (loss)	$ 14,718	$ 1,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	13,382	26,255
(Reversal of) provision for unfunded commitments	(1,779)	(297)
Depreciation and amortization	606	826
Securities premium amortization (discount accretion), net	1,106	1,155
Net gain on sale of other real estate owned	—	(487)
Net increase in cash surrender value of bank owned life insurance	(5,679)	(4,282)
Net (gain) loss on sale of investment securities	(3)	(4)
Stock-based compensation expense	1,511	1,524
Decrease (increase) in other assets	6,032	7,262
Increase (decrease) in other liabilities	(15,022)	9,558
Net cash provided by operating activities	14,872	43,185
Cash Flows From Investing Activities:		
Proceeds from paydowns of available-for-sale securities	27,841	28,273
Proceeds from sale/call and maturities of available-for-sale securities	18,003	50,000
Proceeds from paydowns of held-to-maturity securities	14,565	15,148
Proceeds from call/maturities of held-to-maturity securities	54	52
Proceeds from (purchases of) Federal Reserve stock	208	(75)
Proceeds from (purchases of) Federal Home Loan Bank stock	433	372
Net change in loans	203,636	(34,899)
Proceeds from sale of loans	147,264	—
Net (purchase) redemption of bank owned life insurance	805	(200,000)
Proceeds from sale of other real estate owned	—	772
Purchase of premises and equipment	(587)	(138)
Net cash (used in) provided by investing activities	412,222	(140,495)
Cash Flows From Financing Activities:		
Increase (decrease) in deposits	(542,107)	146,190
Increase (decrease) in customer repurchase agreements	—	(800)
Net settlement of withholding taxes on the vesting of stock awards	(1,095)	—
Proceeds from employee stock purchase plan	77	81
Cash dividends paid	(303)	(4,984)
Net cash provided by (used in) financing activities	(543,428)	140,487
Net Increase (Decrease) in Cash and Cash Equivalents	(116,334)	43,177
Cash and Cash Equivalents at Beginning of Period	695,693	633,480
Cash and Cash Equivalents at End of Period	$ 579,359	$ 676,657
Supplemental Cash Flows Information:		
Interest paid	$ 72,220	$ 88,838
Supplemental Non-Cash Disclosures:		
Initial recognition of operating lease right-of-use assets	$ 165	$ 15,838
Transfer of loans held for investment to loans held for sale	111,800	15,251

See Notes to Consolidated Financial Statements.

EAGLE BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

Eagle Bancorp, Inc. (the "Parent") and its subsidiaries (together with the Parent, the "Company"), through EagleBank (the "Bank"), conduct a full service community banking business, primarily in Northern Virginia, Suburban Maryland and Washington, D.C. The primary financial services offered by the Bank include real estate, commercial and consumer lending, as well as traditional deposit services. The Bank is also active in the origination of small business loans. The guaranteed portion of small business loans, guaranteed by the Small Business Administration ("SBA"), is typically sold to third party investors in a transaction apart from the loan's origination.

The Bank offers its products and services through twelve banking offices, four lending centers and various digital capabilities, including web-based and smartphone-enabled banking services. The Bank has three active direct subsidiaries: Bethesda Leasing, LLC, Eagle Insurance Services, LLC and Landroval Municipal Finance, Inc. Bethesda Leasing, LLC holds title to and operates real estate owned and acquired through foreclosure. Eagle Insurance Services, LLC, which previously offered access to insurance products and services through a referral program with a third party insurance broker, continues to receive fee income in connection with such program. Landroval Municipal Finance, Inc. focuses on lending to municipalities by buying debt on the public market as well as direct purchase issuance.

Principles of Consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of the Company with all significant intercompany transactions eliminated. EagleBank, a Maryland chartered commercial bank, is the Parent's principal subsidiary.

The accounting and reporting policies of the Company conform to generally accepted accounting principles in the United States of America ("GAAP") and to general practices in the banking industry. The Consolidated Financial Statements and accompanying notes of the Company included herein are unaudited. The Consolidated Financial Statements reflect all adjustments, consisting of normal recurring adjustments, that in the opinion of management are necessary to present fairly the results for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In addition to the accounting policies described below, the Company applies the accounting policies contained in "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 ("2025 Form 10-K"). Certain reclassifications have been made to 2025 amounts previously reported to conform to the 2026 presentation. Reclassifications had no effect on net income (loss) or shareholders' equity. These statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in the Company's Annual Report on 2025 Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates and such differences could be material to the consolidated financial statements. The allowance for credit losses ("ACL") is a material estimate that is particularly susceptible to significant variance in the near-term.

Investment Securities

The Company recognizes acquired securities on the trade date. Investment securities comprise debt securities, which are classified depending on the Company's intent and ability to hold the securities to maturity. Debt securities are classified as available-for-sale ("AFS") when management may have the intent to sell them prior to maturity. Debt securities are classified as held-to-maturity ("HTM") and carried at amortized cost when management has the positive intent and ability to hold them to maturity.

AFS securities are acquired as part of the Company's asset/liability management strategy and may be sold in response to changes in interest rates, current market conditions, loan demand, changes in prepayment risk and other factors. AFS securities are carried at fair value, with unrealized gains or losses, other than impairment losses, being reported as accumulated other comprehensive income (loss), a separate component of shareholders' equity.

Premiums and discounts on investment securities are amortized/accreted to the earlier of call or maturity based on expected lives, which are adjusted based on prepayment assumptions and call optionality.

Transfers of Investment Securities from Available-for-Sale to Held-to-Maturity

Transfers of debt securities into the HTM category from the AFS category are made at amortized cost, net of unrealized gain or loss reported in accumulated other comprehensive income (loss) at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in other comprehensive income (loss) and in the carrying value of the HTM securities. Such amounts are amortized over the remaining life of the security. There were no transfers during the periods presented.

The Company does not intend to sell the HTM investments, and it is more likely than not that the Company will not have to sell the securities before recovery of its amortized cost basis, which may be at maturity.

Loans

The Company classifies loans in its portfolio as either held for investment ("HFI"), when management has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff, or held for sale ("HFS"). HFS loans are reported at the lower of cost or fair value on the Consolidated Balance Sheets. HFI loans are stated at the principal amount outstanding, net of unamortized deferred costs and fees. Interest income on loans is recognized at the contractual rate on the principal amounts outstanding. It is the Company's policy to discontinue the accrual of interest when circumstances indicate that collection is doubtful. Loan origination fees, net of direct loan origination costs, and commitment fees are deferred and amortized on the interest method over the term of the loan.

Past due loans are placed on nonaccrual status when the contractual payment of principal or interest has become 90 days past due or there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, even when the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is well secured. When a loan is placed on nonaccrual status, all previously accrued and unpaid interest is reversed through interest income. Interest income is subsequently recognized on a cash basis as long as the remaining book balance of the asset is deemed to be collectible. If collectability is questionable, then cash payments are applied to principal. A loan is placed back on accrual status when both principal and interest are current and it is probable that we will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

Besides our primary loan portfolio segments that are summarized below, the Company also regularly engages in the sale of the guaranteed portion of SBA loans originated by the Bank. The sale of the guaranteed portion of SBA loans on a servicing retained basis gives rise to an excess servicing asset, which is computed on a loan by loan basis with the unamortized amount being included in intangible assets in the Consolidated Balance Sheets. The excess servicing asset is amortized on a straight-line basis (with adjustment for prepayments) as an offset to servicing fees collected and is included in other income in the Consolidated Statements of Operations.

Collateral Dependent Financial Assets

For collateral dependent loans for which the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the net present value ("NPV") from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the financial asset exceeds the fair value of the underlying collateral less estimated cost to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the financial asset.

Loan Modifications to Borrowers in Financial Difficulty

The Company evaluates loan restructurings to determine if we have a loan modification and whether it results in a new loan or the continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there are principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications.

A loan that is considered a modified loan may be subject to an individually-evaluated loan analysis if the commitment is $500 thousand or greater; otherwise, the restructured loan remains in the appropriate segment in the ACL model and associated provisions are adjusted based on changes in the discounted cash flows resulting from the modification of the restructured loan. Management strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status, foreclosure or repossession of the collateral to minimize economic loss to the Company.

Allowance for Credit Losses

The table below presents a breakdown of the current provision for credit losses included in our Consolidated Statements of Operations.

	For the Three Months Ended March 31,	
(dollars in thousands)	**2026**	**2025**
Provision for (reversal of) credit losses - loans	$ 13,506	$ 26,309
Provision for (reversal of) credit losses - HTM debt securities	(124)	(54)
Total Provision for credit losses	$ 13,382	$ 26,255

Allowance for Credit Losses - Loans

The ACL - Loans is an estimate of the expected credit losses in the HFI loans portfolio. The Company's ACL on its loan portfolio is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. Expected recoveries are recorded to the extent they do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL - Loans is measured on a collective pool basis when similar risk characteristics are present. Reserves on loans that do not share similar risk characteristics are evaluated on an individual basis. Nonaccrual loans are specifically reviewed for loss potential and when deemed appropriate are assigned a reserve based on an individual evaluation. The remainder of the portfolio, representing all loans not evaluated individually for impairment, is pooled into portfolio segments by call report codes and a loan-level probability of default ("PD") / Loss Given Default ("LGD") cash flow method is applied using an exposure at default ("EAD") model. These historical loss rates are then modified to incorporate our reasonable and supportable forecast of future losses at the portfolio segment level, as well as any necessary qualitative adjustments.

The Company uses regression analysis of historical internal and peer data provided by a third-party provider (as Company loss data is insufficient) to determine suitable credit loss drivers to utilize when modeling lifetime PD and LGD. This analysis also determines how expected PD will be impacted by different forecasted levels of the loss drivers. A similar process is employed to calculate a reserve assigned to off-balance sheet commitments, specifically unfunded loan commitments and letters of credit, and any needed reserve is recorded in reserve for unfunded commitments ("RUC") on the Consolidated Balance Sheets. For periods beyond which we are able to develop reasonable and supportable forecasts, we revert to the historical loss rate on a straight-line basis over a twelve-month period.

For each of the loan segments listed below, the Company generates cash flow projections at the instrument level wherein payment expectations are adjusted for estimated prepayment speeds, PD rates and LGD rates. The modeling of expected prepayment speeds is based on historical internal data. EAD is based on each instrument's underlying amortization schedule in order to estimate the bank's expected credit loss exposure at the time of the borrower's potential default.

Portfolio segments are used to pool loans with similar risk characteristics and align with our methodology for measuring current expected credit losses ("CECL"). While our methodology in establishing the ACL attributes portions of the ACL and RUC to the separate loan pools or segments, the entire ACL and RUC is available to absorb credit losses in the total loan portfolio and total amount of unfunded credit commitments, respectively. A summary of our primary portfolio segments is as follows:

Commercial. The commercial loan portfolio comprises lines of credit and term loans for working capital, equipment and other business assets across a variety of industries. These loans are used for general corporate purposes including financing working capital, internal growth and acquisitions; and are generally secured by accounts receivable, inventory, equipment and other assets of our clients' businesses.

Income producing – commercial real estate. Income producing commercial real estate loans comprise permanent and bridge financing provided to professional real estate owners/managers of commercial and residential real estate projects and properties who generally have a demonstrated record of past success with similar properties. Collateral properties include apartment buildings, office buildings, hotels, mixed-use buildings, retail, data centers, warehouses, and shopping centers. The primary source of repayment on these loans is generally expected to come from lease or operation of the real property collateral. Income producing commercial real estate loans are impacted by fluctuations in collateral values, as well as rental demand and rates.

Owner occupied – commercial real estate. The owner occupied commercial real estate portfolio comprises permanent financing provided to operating companies and their related entities for the purchase or refinance of real property wherein their business operates. Collateral properties include industrial property, office buildings, religious facilities, mixed-use property, healthcare and educational facilities.

Real Estate Mortgage – Residential. Real estate mortgage residential loans comprise consumer mortgages for the purpose of purchasing or refinancing first lien real estate loans secured by primary-residence, second-home and rental residential real property.

Construction – commercial and residential. The construction commercial and residential loan portfolio comprises loans made to builders and developers of commercial and residential property, for renovation, new construction and development projects. Collateral properties include apartment buildings, mixed-use properties, residential condominiums, single unit and 1-4 unit residential properties and office buildings. The primary source of repayment on these loans is expected to come from the sale, permanent financing or lease of the real property collateral. Construction loans are impacted by fluctuations in collateral values and the ability of the borrower or ultimate purchaser to obtain permanent financing.

Construction – commercial and industrial ("C&I") (owner occupied). The construction C&I (owner occupied) portfolio comprises loans to operating companies and their related entities for new construction or renovation of the real or leased property in which they operate. Generally, these loans contain provisions for conversion to an owner occupied commercial real estate loan or to a commercial loan after completion of construction. Collateral properties include industrial, healthcare, religious facilities, restaurants and office buildings.

Home Equity. The home equity portfolio comprises consumer lines of credit and loans secured by subordinate liens on residential real property.

Other Consumer. The other consumer portfolio comprises consumer loans not secured by real property, including personal lines of credit and loans, overdraft lines and vehicle loans. This category also includes other loan items such as overdrawn deposit accounts as well as loans and loan payments in process.

The ACL also includes a qualitative adjustment for inherent risks not reflected in the historical quantitative analysis associated with the reasonable and supportable forecast. Relevant factors include, but are not limited to, concentrations of credit risk, appraisal risk from volatility in the market, changes in underwriting standards, experience and depth of lending staff and trends in delinquencies. Our model may reflect assumptions by management that are not covered by the qualitative and environmental factors, and we reevaluate all of its factors quarterly. Additionally, the ACL includes a qualitative reserve for CRE office loans (the "office overlay"), which reflects management's assessment of continued uncertainty in that sector as well as potential lag effects from interest-rate sensitivity, valuation declines, and refinancing risk. Management continues to monitor trends, including occupancy, capitalization rates, and market liquidity, across key metropolitan areas and may adjust qualitative reserves further as these factors evolve.

The company uses four economic variables in its cash flow model: national unemployment, Commercial Real Estate ("CRE") Price Index, House Price Index and Gross Domestic Product ("GDP"), which are incorporated by utilizing a Loss Driver Analysis approach that factors in historical losses, including during the Great Recession, of regional peer banks and the Bank. The model incorporates a weighting of three economic scenarios; baseline, upside and downside. The scenarios cover the four economic forecast variables, with each segment of the portfolio linked to two of these variables, depending on the segment. The loss driver analysis is spread over a reasonable and supportable period of 18 months and reverts back to a historical loss rate over twelve months on a straight-line basis over the loan's remaining maturity. Management leverages economic projections from reputable and independent third parties to inform its loss driver forecasts over the forecast period.

We have several pass credit grades that are assigned to loans based on varying levels of risk, ranging from loans that are secured by cash or marketable securities, to watch list loans that have all the characteristics of an acceptable credit risk but warrant more than the normal level of monitoring. Special mention loans are those that are currently protected by the sound worth and paying capacity of the borrower, but that are potentially weak and constitute an additional credit risk. These loans have the potential to deteriorate to a substandard grade due to the existence of financial or administrative deficiencies. Substandard loans have a well-defined weakness or weaknesses that jeopardizes the liquidation of the debt. They are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Some substandard loans are inadequately protected by the sound worth and paying capacity of the borrower and of the collateral pledged and may be considered impaired and require individual evaluation in the ACL. Substandard loans can be accruing or can be on nonaccrual depending on the circumstances of the individual loans. Loans graded as doubtful have all the weaknesses inherent in substandard loans with the added characteristics that the weaknesses make collection in full highly questionable and improbable. The possibility of loss is extremely high. All doubtful loans are accounted for on a nonaccrual basis. Classified loans is the aggregation of loans graded substandard and doubtful.

The methodology used in the estimation of the ACL, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions. Changes are reflected in the pool-basis allowance and individually assessed loans as the collectability of classified loans is evaluated with new information. As our portfolio has matured, historical loss ratios have been closely monitored. The review of the appropriateness of the allowance is performed by executive management and presented to management committees and the Asset Quality Subcommittee of the Risk Committee before it is presented to the Audit Committee of the Board of Directors ("Board"). The committees' reports to the Board are included in the Board's quarterly review of our consolidated financial statements.

When management determines that foreclosure is probable, and for certain collateral-dependent loans where foreclosure is not considered probable, expected credit losses are based on the estimated fair value of the collateral adjusted for selling costs, when appropriate. A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals and modifications unless management has a reasonable expectation that a borrower will experience financial difficulty. We do not measure an ACL on accrued interest receivable balances because these balances are written off in a timely manner as a reduction to interest income when loans are placed on nonaccrual status.

Allowance for Credit Losses - AFS Securities

For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either criteria is met, the security's amortized cost basis is written down to fair value through income. For AFS debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. 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, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income, as a non-credit-related impairment.

The entire amount of an impairment loss is recognized in earnings (loss) only when: (1) the Company intends to sell the security; or (2) it is more likely than not that the Company will have to sell the security before recovery of its amortized cost basis; or (3) the Company does not expect to recover the entire amortized cost basis of the security. In all other situations, only the portion of the impairment loss representing the credit loss must be recognized in earnings (loss), with the remaining portion being recognized in other comprehensive income (loss), net of deferred taxes. Changes in the ACL are recorded as a provision for (or reversal of) credit losses. Losses are charged against the allowance when management believes the uncollectibility of an AFS security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

We have made a policy election to exclude accrued interest from the amortized cost basis of AFS debt securities and report accrued interest separately in accrued interest and other assets in the Consolidated Balance Sheets. AFS debt securities are placed on nonaccrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on nonaccrual status. Accordingly, we do not recognize an allowance for credit loss against accrued interest receivable.

Allowance for Credit Losses - HTM Securities

The Company separately evaluates its HTM investment securities for any credit losses. The Company pools like securities and calculates expected credit losses through an estimate based on a security's credit rating, which is recognized as part of the ACL for HTM securities and included in the balance of HTM securities on the Consolidated Balance Sheets. If the Company determines that a security indicates evidence of deteriorated credit quality, the security is individually evaluated and a discounted cash flow analysis may be performed and compared to the amortized cost basis.

Loan Commitments and Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Financial instruments include off-balance sheet credit instruments such as commitments to make loans and commercial letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records a RUC on off-balance sheet credit exposures through a charge to provision for credit loss expense in the Company's Consolidated Statements of Operations. The RUC on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur and is included in the RUC on the Company’s Consolidated Balance Sheets.

Segment Reporting

The Company has one reporting unit, one operating segment and, consequently, a single reportable segment. Refer to "Note 12 – Segment Reporting" for further details.

New Authoritative Accounting Guidance

Accounting Standards Pending Adoption

ASU No. 2023-06, *"Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative"* ("ASU 2023-06") incorporates into the Accounting Standards Codification (ASC or Codification) several U.S. Securities and Exchange Commission ("SEC") disclosure requirements under Regulations S-K and S-X. The amendments in the ASU are intended to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC’s regulations. These requirements are similar to, but require additional information than, generally accepted accounting principles. These new updates modify the disclosure or presentation requirements of a variety of Topics in the Codification. Entities should apply the amendments in ASU 2023-06 prospectively. For entities subject to the SEC’s existing disclosure requirements and for entities that have to file or provide financial statements with or to the SEC for the purpose of selling or issuing securities that do not have contractual limits on transfer, the effective date for each amendment will be the date on which the SEC removes that related disclosure from its rules. As a result, the effective date will be different for each individual disclosure based on the effective date of the SEC’s deletion of the related disclosure. Early adoption is prohibited. For all other entities, the effective date will be two years later. Early adoption is permitted for these entities, but not before the provisions of the ASU become effective for entities subject to SEC’s regulation. The effective dates of the amendments are predicated on the SEC removing its related disclosure requirements from its regulations. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. We are currently in the process of evaluating this guidance.

ASU No. 2024-03, *"Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"* ("ASU 2024-03") which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements at interim and annual reporting periods. ASU 2024-03 adds to ASC 220-40, requiring public business entities to disaggregate within the financial statement footnotes, in a tabular presentation, each relevant expense caption on the face of the income statement that includes any of the following natural expenses: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities or other types of depletion expenses. The tabular disclosure would also include certain other expenses, when applicable. ASU 2024-03 does not change or remove existing expense disclosure requirements; however, it may affect where that information appears in the footnotes to the financial statements. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this update should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this Update or (2) retrospectively to any or all prior periods presented in the financial statements. The company will expand its disclosures in the annual reporting period beginning after December 15, 2026 and interim reporting periods after to include disaggregated information related to the expenses required by the standard.

ASU No. 2025-06, *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)": Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06") amends guidance related to the accounting for internal-use software development costs. The amendments are intended to modernize the recognition and capitalization framework to reflect current software development practices, including iterative and agile methodologies, by removing references to "development stages". It also clarifies the criteria for capitalization, which begins when both of the following occur: (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended. The amendments in ASU 2025-06 are effective for annual periods beginning after December 15, 2027, and interim periods within those annual periods, which for the Company would be the fiscal first quarter ending March 31, 2028. Early adoption is permitted as of the beginning of an annual reporting period. ASU 2025-06 allows companies to elect one of the following adoption methods to apply its amendments: a prospective transition approach, a retrospective transition approach, or a modified transition approach that is based on the status of the project and whether software costs were capitalized before the date of adoption. The Company is currently evaluating the impact the new accounting standard will have on its policy for capitalization of development costs for software intended for internal use.

ASU No. 2025-07, *"Derivatives and Hedging (Topic 815)—Derivatives Scope Refinements (Issue 1)"* ("ASU 2025-07"). In September 2025, the FASB issued ASU 2025-07 to refine the scope of derivative accounting under ASC 815 and clarify the treatment of share-based noncash consideration from customers under ASC 606. The update provides a new scope exception for certain contracts based on a party's own operations, removing them from derivative accounting. It also clarifies that share-based consideration from customers should be measured at fair value at contract inception and included in the transaction price only if the right to receive it is unconditional. Subsequent fair value changes before the right becomes unconditional are not recognized in revenue. The ASU is effective for annual periods beginning after December 15, 2026, with early adoption permitted, and transition options include prospective or modified retrospective application. Entities will need to reassess existing contracts and update processes for valuation and revenue recognition related to customer share-based payments. The Company is currently in the process of evaluating this guidance.

ASU No. 2025-09, "*Derivatives and Hedging (Topic 815)— Hedge Accounting Improvements*" ("ASU 2025-09"). In November 2025, the FASB issued ASU 2025-09 to provide significant improvements to hedge accounting under FASB ASC 815, primarily by giving companies more flexibility to align hedge accounting with their actual risk management, especially for variable-rate debt ("choose-your-rate"), nonfinancial asset hedges, and aggregated forecasts. Key changes include allowing flexible switching between interest rate indexes for variable debt hedges, simplifying grouping of forecasted transactions (similar risk instead of shared risk), and resolving mismatches in complex dual-purpose hedges involving foreign currency debt. The goal is to reduce complexity, cost, and align financial reporting with economic reality. The ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those annual reporting periods The Company is currently in the process of evaluating this guidance.

ASU No. 2025-12, "*Codification Improvements*" ("ASU 2025-12"). In December 2025, the FASB issued ASU 2025-12 to make dozens of technical corrections, clarifications, and minor enhancements across various topics including simplifying diluted EPS calculations with losses, clarifying lease receivable disclosures, refining beneficial interest calculations, and streamlining treasury stock accounting. The ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The Company is currently in the process of evaluating this guidance.

Note 2 – Cash and Due from Banks

For the three months ended March 31, 2026 and 2025, the Bank maintained average daily balances at the Federal Reserve Bank of Richmond ("Federal Reserve Bank") of $1.4 billion for each period, on which interest is paid.

Additionally, the Bank maintains interest-bearing balances with the Federal Home Loan Bank of Atlanta ("FHLB") and noninterest-bearing balances with domestic correspondent banks to cover associated costs for services they provide to the Bank.

Note 3 – Investment Securities

The table below summarizes the Company's investment in AFS securities by major security type.

	As of March 31, 2026			
(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
U.S. agency securities	$ 332,381	$ —	$ (17,318)	$ 315,063
Residential mortgage-backed securities	597,422	65	(58,177)	539,310
Commercial mortgage-backed securities	68,581	—	(2,465)	66,116
Municipal bonds	8,380	—	(508)	7,872
Corporate bonds	2,000	—	(47)	1,953
Total available-for-sale securities	$ 1,008,764	$ 65	$ (78,515)	$ 930,314

	As of December 31, 2025			
(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
U.S. agency securities	$ 355,249	$ —	$ (17,541)	$ 337,708
Residential mortgage-backed securities	620,540	152	(58,188)	562,504
Commercial mortgage-backed securities	68,931	117	(2,503)	66,545
Municipal bonds	8,426	—	(380)	8,046
Corporate bonds	2,000	—	(33)	1,967
Total available-for-sale securities	$ 1,055,146	$ 269	$ (78,645)	$ 976,770

The table below summarizes the Company's investment in HTM securities by major security type.

	As of March 31, 2026			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Residential mortgage-backed securities	$ 531,370	$ —	$ (62,117)	$ 469,253
Commercial mortgage-backed securities	85,189	—	(10,006)	75,183
Municipal bonds	106,813	—	(8,221)	98,592
Corporate bonds	118,808	120	(4,718)	114,210
Total	842,180	$ 120	$ (85,062)	$ 757,238
Less: Allowance for credit losses	(907)			
Total held-to-maturity securities, net of ACL	$ 841,273			

	As of December 31, 2025			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Residential mortgage-backed securities	$ 544,402	$ —	$ (58,836)	$ 485,566
Commercial mortgage-backed securities	85,760	—	(9,787)	75,973
Municipal bonds	106,875	—	(6,933)	99,942
Corporate bonds	118,773	8	(5,315)	113,466
Total	855,810	$ 8	$ (80,871)	$ 774,947
Less: Allowance for credit losses	(1,030)			
Total held-to-maturity securities, net of ACL	$ 854,780			

In addition, as of March 31, 2026 and December 31, 2025, the Company held $27.7 million and $28.3 million, respectively, in non-marketable equity securities in a combination of Federal Reserve System ("Federal Reserve Board", "Federal Reserve" or "FRB") and FHLB stocks, which are required to be held for regulatory purposes. These securities cannot be disposed of other than through redemption by the issuer and, if redeemed, would be redeemed at the original cost. The securities are carried at cost, classified as restricted securities, and periodically evaluated for impairment based on ultimate recovery of par value.

As of March 31, 2026 and December 31, 2025, the Company had $36.9 million and $38.5 million, respectively, of unamortized unrealized losses outstanding following the transfer of investment securities from AFS to HTM in 2022. These unrealized losses are included in accumulated other comprehensive loss and are amortized through interest income as a yield adjustment over the remaining term of the securities.

Accrued interest receivable on investment securities was $5.5 million as of March 31, 2026 and December 31, 2025. The accrued interest on investment securities is excluded from the amortized cost of the securities and is reported in other assets in the Consolidated Balance Sheets.

The table below summarizes, by length of time, the Company's AFS securities that have been in a continuous unrealized loss position and HTM securities that have been in a continuous unrecognized loss position.

	As of March 31, 2026						
		Less than 12 Months		12 Months or Greater		Total	
(dollars in thousands)	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Investment securities available-for-sale:							
U.S. agency securities	50	$ —	$ —	$ 315,063	$ (17,318)	$ 315,063	$ (17,318)
Residential mortgage-backed securities	141	17,423	(92)	512,563	(58,085)	529,986	(58,177)
Commercial mortgage-backed securities	12	29,017	(31)	37,099	(2,434)	66,116	(2,465)
Municipal bonds	1	—	—	7,872	(508)	7,872	(508)
Corporate bonds	1	—	—	1,953	(47)	1,953	(47)
Total	205	$ 46,440	$ (123)	$ 874,550	$ (78,392)	$ 920,990	$ (78,515)
Investment securities held-to-maturity:							
Residential mortgage-backed securities	135	$ —	$ —	$ 469,253	$ (62,117)	$ 469,253	$ (62,117)
Commercial mortgage-backed securities	16	4,230	(531)	70,953	(9,475)	75,183	(10,006)
Municipal bonds	33	—	—	97,592	(8,221)	97,592	(8,221)
Corporate bonds	27	9,841	(29)	97,386	(4,689)	107,227	(4,718)
Total	211	$ 14,071	$ (560)	$ 735,184	$ (84,502)	$ 749,255	$ (85,062)

	As of December 31, 2025						
		Less than 12 Months		12 Months or Greater		Total	
(dollars in thousands)	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Investment securities available-for-sale:							
U.S. agency securities	52	$ —	$ —	$ 337,708	$ (17,541)	$ 337,708	$ (17,541)
Residential mortgage-backed securities	139	—	—	546,514	(58,188)	546,514	(58,188)
Commercial mortgage-backed securities	10	—	—	37,329	(2,503)	37,329	(2,503)
Municipal bonds	1	—	—	8,046	(380)	8,046	(380)
Corporate bonds	1	—	—	1,967	(33)	1,967	(33)
Total	203	$ —	$ —	$ 931,564	$ (78,645)	$ 931,564	$ (78,645)
Investment securities held-to-maturity:							
Residential mortgage-backed securities	136	$ —	$ —	$ 485,567	$ (58,836)	$ 485,567	$ (58,836)
Commercial mortgage-backed securities	16	4,271	(503)	71,702	(9,284)	75,973	(9,787)
Municipal bonds	33	—	—	98,942	(6,933)	98,942	(6,933)
Corporate bonds	27	1,922	(18)	106,638	(5,297)	108,560	(5,315)
Total	212	$ 6,193	$ (521)	$ 762,849	$ (80,350)	$ 769,042	$ (80,871)

As of March 31, 2026, unrealized losses were generally attributable to changes in market interest rates and interest spread relationships subsequent to the dates the securities were originally purchased, and were considered to be temporary, and not due to credit quality concerns on the investment securities. The fair values of these AFS securities are expected to recover as the securities approach their respective maturity dates.

The Company measures its AFS and HTM securities portfolios for credit losses as part of its ACL analysis. For further information on provision for credit losses on AFS and HTM securities, see the "Allowance for Credit Losses" discussion in "Note 1 – Summary of Significant Accounting Policies". As of March 31, 2026 and December 31, 2025, the Company had an allowance for credit losses outstanding of zero on its AFS securities and $0.9 million and $1.0 million, respectively, on its HTM securities, each of which primarily comprise allowances for corporate bonds.

The table below summarizes the Company's investment in AFS securities and HTM securities by contractual maturity. Expected maturities for mortgage-backed securities ("MBS") will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	As of March 31, 2026	
(dollars in thousands)	**Amortized Cost**	**Estimated Fair Value**
Investment securities available-for-sale:		
Within one year	$ 70,454	$ 69,447
One to five years	226,437	213,471
Five to ten years	27,699	25,939
Beyond ten years	18,171	16,031
Residential mortgage-backed securities	597,422	539,310
Commercial mortgage-backed securities	68,581	66,116
Less: allowance for credit losses	—	—
Total investment securities available-for-sale	1,008,764	930,314
Investment securities held-to-maturity:		
Within one year	4,928	4,925
One to five years	71,030	69,073
Five to ten years	98,688	92,668
Beyond ten years	50,975	46,136
Residential mortgage-backed securities:	531,370	469,253
Commercial mortgage-backed securities	85,189	75,183
Less: allowance for credit losses	(907)	—
Total investment securities held-to-maturity	841,273	757,238
Total	$ 1,850,037	$ 1,687,552

There were no sales and calls of investment securities during the three months ended March 31, 2026 and 2025, therefore, no proceeds from sales or calls in either period.

As of March 31, 2026 and December 31, 2025, the book value of securities pledged as collateral for certain government deposits, securities sold under agreements to repurchase and certain lines of credit with correspondent banks was $16.0 million and $519.6 million, respectively.

As of March 31, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. agency securities, which exceeded ten percent of shareholders’ equity.

Note 4 – Loans and Allowance for Credit Losses

The Bank makes loans to customers primarily in the Washington, D.C. metropolitan area and surrounding communities. The Bank's loan portfolio primarily consists of loans to businesses secured by real estate and other business assets, as evidenced by the table below.

The table below presents HFI Loans, net of unamortized net deferred fees, summarized by portfolio segment.

	As of			
	March 31, 2026		December 31, 2025	
(dollars in thousands)	Amount	%	Amount	%
Commercial	$ 1,432,933	21 %	$ 1,338,486	18 %
Income producing - commercial real estate	3,030,004	44 %	3,350,718	46 %
Owner occupied - commercial real estate	1,686,210	23 %	1,602,124	22 %
Real estate mortgage - residential	35,743	1 %	37,100	1 %
Construction - commercial and residential	617,992	9 %	795,400	11 %
Construction - C&I (owner occupied)	87,666	1 %	108,468	1 %
Home equity	44,948	1 %	47,448	1 %
Other consumer	3,064	— %	715	— %
Total loans	6,938,560	100 %	7,280,459	100 %
Less: allowance for credit losses	(147,163)		(159,604)	
Net loans [1]	$ 6,791,397		$ 7,120,855	

(1) Excludes accrued interest receivable of $33.3 million and $35.9 million as of March 31, 2026 and December 31, 2025, respectively, which were recorded in other assets on the Consolidated Balance Sheets.

Unamortized net deferred fees and costs were $17.5 million and $17.6 million as of March 31, 2026 and December 31, 2025, respectively.

During the three months ended March 31, 2026, certain loans, primarily income producing - commercial real estate loans, were reclassified from HFI to HFS loans with the lower of cost or fair value of $111.8 million. As of March 31, 2026 and December 31, 2025, the outstanding balance of all HFS loans were $55.7 million and $90.7 million, respectively, as reported on the Consolidated Balance Sheets, of which $55.2 million and $90.7 million, respectively, were on nonaccrual status.

As of March 31, 2026 and December 31, 2025, the Bank serviced $102.3 million and $81.5 million, respectively, of SBA loans and other loan participations, which are not reflected as loan balances on the Consolidated Balance Sheets.

Real estate loans are secured primarily by duly recorded first deeds of trust or mortgages. In some cases, the Bank may accept a recorded junior trust position. In general, borrowers will have a proven ability to build, lease, manage and/or sell a commercial or residential project and demonstrate satisfactory financial condition. Additionally, an equity contribution toward the project is customarily required.

Construction loans require that the financial condition and experience of the general contractor and major subcontractors be satisfactory to the Bank. Guaranteed, fixed price contracts are required whenever appropriate, along with payment and performance bonds or completion bonds for larger scale projects.

Loans intended for residential land acquisition, lot development and construction are made on the premise that the land: 1) is or will be developed for building sites for residential structures; and 2) will ultimately be utilized for construction or improvement of residential zoned real properties, including the creation of housing. Residential development and construction loans will finance projects such as single family subdivisions, planned unit developments, townhouses and condominiums. Residential land acquisition, development and construction ("ADC") loans generally are underwritten with a maximum term of 36 months, including extensions approved at origination.

Commercial land acquisition and construction loans are secured by real property where loan funds will be used to acquire land and to construct or improve appropriately zoned real property for the creation of income producing or owner-occupied commercial properties. Borrowers are generally required to put equity into each project at levels determined by the appropriate approval authority. Commercial land acquisition and construction loans generally are underwritten with a maximum term of 24 months.

Substantially all construction draw requests must be presented in writing on American Institute of Architects documents and certified either by the contractor, the borrower and/or the borrower’s architect. Each draw request shall also include the borrower’s soft cost breakdown certified by the borrower or their Chief Financial Officer. Prior to an advance, the Bank or its contractor inspects the project to determine that the work has been completed, to justify the draw requisition.

Commercial permanent loans are generally secured by improved real property which is generating income in the normal course of operation. Debt service coverage, assuming stabilized occupancy, must be satisfactory to support a permanent loan. The debt service coverage ratio ("DSCR") is ordinarily at least 1.15 to 1.0. As part of the underwriting process, DSCRs are stress tested assuming a 200 basis point increase in interest rates from their current levels. Commercial permanent loans generally are underwritten with a term not greater than 10 years or the remaining useful life of the property, whichever is less. The preferred term is between 5 to 7 years, with amortization to a maximum of 25 years.

The Company’s loan portfolio includes ADC real estate loans including both investment and owner occupied projects. ADC loans amounted to $1.0 billion as of March 31, 2026. A portion of the ADC portfolio, both speculative and non-speculative, includes loan-funded interest reserves at origination. ADC loans that provide for the use of interest reserves represent approximately 27% of the outstanding ADC loan portfolio as of March 31, 2026. The decision to establish a loan-funded interest reserve is made upon origination of the ADC loan and is based upon a number of factors considered during underwriting of the credit including: (1) the feasibility of the project; (2) the experience of the sponsor; (3) the creditworthiness of the borrower and guarantors; (4) borrower equity contribution; and (5) the level of collateral protection. When appropriate, an interest reserve provides an effective means of addressing the cash flow characteristics of a properly underwritten ADC loan. The Company does not significantly utilize interest reserves in other loan products.

The Company recognizes that one of the risks inherent in the use of interest reserves is the potential masking of underlying problems with the project and/or the borrower’s ability to repay the loan. In order to mitigate this inherent risk, the Company employs a series of reporting and monitoring mechanisms on all ADC loans, whether or not an interest reserve is provided, including: (1) construction and development timelines which are monitored on an ongoing basis which track the progress of a given project to the timeline projected at origination; (2) a construction loan administration department independent of the lending function; (3) third party independent construction loan inspection reports; (4) monthly interest reserve monitoring reports detailing the balance of the interest reserves approved at origination and the days of interest carry represented by the reserve balances as compared to the then current anticipated time to completion and/or sale of speculative projects; and (5) quarterly commercial real estate construction meetings among senior Company management, which includes monitoring of current and projected real estate market conditions. If a project has not performed as expected, it is not the customary practice of the Company to increase loan funded interest reserves.

The table below details activity in the ACL by portfolio segment. The Company has updated its allocation methodology to better reflect the ACL attributable to loan categories and collateral types. Conforming changes have been made to prior period amounts. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(dollars in thousands)	Commercial	Income Producing - Commercial Real Estate	Owner Occupied - Commercial Real Estate	Real Estate Mortgage - Residential	Construction - Commercial and Residential	Construction - C&I (Owner Occupied)	Home Equity	Other Consumer	Total
For the Three Months Ended March 31, 2026									
Allowance for credit losses:									
Balance at beginning of quarter	$ 26,607	$ 98,707	$ 20,719	$ 339	$ 11,171	$ 1,515	$ 519	$ 27	$ 159,604
Loans charged-off	(11,533)	(11,557)	(2,926)	(80)	—	—	—	—	(26,096)
Recoveries of loans previously charged-off	87	38	24	—	—	—	—	—	149
Net loans (charged-off) and recovered	(11,446)	(11,519)	(2,902)	(80)	—	—	—	—	(25,947)
Provision for (reversal of) credit losses	11,130	981	180	56	1,432	(391)	112	6	13,506
Ending balance	$ 26,291	$ 88,169	$ 17,997	$ 315	$ 12,603	$ 1,124	$ 631	$ 33	$ 147,163
For the Three Months Ended March 31, 2025									
Allowance for credit losses:									
Balance at beginning of quarter	$ 19,390	$ 55,185	$ 22,654	$ 610	$ 14,585	$ 1,282	$ 653	$ 31	$ 114,390
Loans charged-off	(270)	(6,170)	(4,862)	—	—	—	—	(4)	(11,306)
Recoveries of loans previously charged-off	53	—	23	—	—	—	—	—	76
Net loans (charged-off) and recovered	(217)	(6,170)	(4,839)	—	—	—	—	(4)	(11,230)
Provision for (reversal of) credit losses	1,489	12,922	9,057	60	2,306	398	71	6	26,309
Ending balance	$ 20,662	$ 61,937	$ 26,872	$ 670	$ 16,891	$ 1,680	$ 724	$ 33	$ 129,469

The table below presents the amortized cost basis of collateral-dependent HFI loans by portfolio segment.

	As of			
	March 31, 2026		December 31, 2025	
(dollars in thousands)	Business/Other Assets	Real Estate	Business/Other Assets	Real Estate
Commercial	$ 15,305	$ 3,215	$ 15,285	$ 2,813
Income producing-commercial real estate	880	75,781	880	61,657
Owner occupied - commercial real estate	—	5,052	—	7,938
Real estate mortgage- residential	—	464	—	579
Construction - commercial and residential	—	28,016	—	17,394
Home equity	—	517	—	351
Total	$ 16,185	$ 113,045	$ 16,165	$ 90,732

Credit Quality Indicators

The Company uses several credit quality indicators to manage credit risk in an ongoing manner. The Company's primary credit quality indicator is an internal credit risk rating system that categorizes loans into pass, special mention or classified categories. Credit risk ratings are applied individually to those classes of loans that have significant or unique credit characteristics that benefit from a case-by-case evaluation. These are typically loans to businesses or individuals in the classes which comprise the commercial portfolio segment. Groups of loans that are underwritten and structured using standardized criteria and characteristics, such as statistical models (e.g., credit scoring or payment performance), are typically risk rated and monitored collectively. These are typically loans to individuals in the classes which comprise the consumer portfolio segment.

The following are the definitions of the Company's credit quality indicators:

Pass:	Loans in all classes that comprise the commercial and consumer portfolio segments that are not adversely rated, are contractually current as to principal and interest and are otherwise in compliance with the contractual terms of the loan agreement. Management believes that there is a low likelihood of loss related to those loans that are considered pass.
Special Mention:	Loans in the classes that comprise the commercial portfolio segment that have potential weaknesses that deserve management's close attention. If not addressed, these potential weaknesses may result in deterioration of the repayment prospects for the loan. The special mention credit quality indicator is not used for classes of loans that comprise the consumer portfolio segment. Management believes that there is a moderate likelihood of some loss related to those loans that are considered special mention.
Classified (a) Substandard:	Loans inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the company will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard loans, does not have to exist in individual loans classified substandard.
Classified (b) Doubtful:	Loans that have all the weaknesses inherent in a loan classified substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the assets, its classification as an estimated loss is deferred until its more exact status may be determined.

The Company's credit quality indicators are generally updated annually, however, credits rated "Special Mention" or below are reviewed more frequently. The table below presents the amortized cost basis of HFI loans by risk category, class and year of origination, along with any charge-offs that were recorded in the applicable loan segment, if applicable. The table below excludes $11.6 million of gross charge-offs associated with loans that were reclassified to HFS or sold during the three months ended March 31, 2026.

	As of March 31, 2026								
(dollars in thousands)	Prior	2022	2023	2024	2025	2026	Revolving Loans Amort. Cost Basis	Revolving Loans Convert. to Term	Total
Commercial:									
Pass	$ 104,869	$ 33,046	$ 67,471	$ 88,369	$ 358,736	$ 145,359	$ 541,703	$ 3,540	$ 1,343,093
Special Mention	56	11,534	996	7,260	—	—	20,841	—	40,687
Substandard	24,515	9,586	424	2,738	—	—	11,678	212	49,153
Total	129,440	54,166	68,891	98,367	358,736	145,359	574,222	3,752	1,432,933
YTD gross charge-offs	(2,681)	(8,852)	—	—	—	—	—	—	(11,533)
Income producing - commercial real estate:									
Pass	1,352,420	443,676	412,067	88,766	123,779	771	151,826	—	2,573,305
Special Mention	57,450	56,173	—	—	—	—	—	—	113,623
Substandard	248,923	93,545	—	—	—	—	608	—	343,076
Total	1,658,793	593,394	412,067	88,766	123,779	771	152,434	—	3,030,004
Owner occupied - commercial real estate:									
Pass	844,229	88,995	131,357	127,490	338,606	105,439	657	—	1,636,773
Special Mention	11,491	—	—	—	16,441	—	—	—	27,932
Substandard	20,440	1,065	—	—	—	—	—	—	21,505
Total	876,160	90,060	131,357	127,490	355,047	105,439	657	—	1,686,210
YTD gross charge-offs	(2,926)	—	—	—		—	—	—	(2,926)
Real estate mortgage - residential:									
Pass	14,101	10,832	5,830	—	—	—	—	—	30,763
Substandard	4,980	—	—	—	—	—	—	—	4,980
Total	19,081	10,832	5,830	—	—	—	—	—	35,743
Construction - commercial and residential:									
Pass	112,240	184,622	75,117	9,990	29,369	7,149	56,029	6,874	481,390
Special Mention	—	81,094	—	—	—	—	27,491	—	108,585
Substandard	12,118	15,152	—	—	—	—	747	—	28,017
Total	124,358	280,868	75,117	9,990	29,369	7,149	84,267	6,874	617,992
Construction - C&I (owner occupied):									
Pass	3,698	—	10,445	49,507	23,236	—	780	—	87,666
Home equity:									
Pass	2,026	113	—	—	—	—	41,622	314	44,075
Substandard	418	—	—	—	—	37	377	41	873
Total	2,444	113	—	—	—	37	41,999	355	44,948
Other consumer:									
Pass	—	—	—	—	135	200	2,729	—	3,064
Total Recorded Investment	$ 2,813,974	$ 1,029,433	$ 703,707	$ 374,120	$ 890,302	$ 258,955	$ 857,088	$ 10,981	$ 6,938,560
Total YTD gross charge-offs	$ (5,607)	$ (8,852)	$ —	$ —	$ —	$ —	$ —	$ —	$ (14,459)

	As of December 31, 2025								
(dollars in thousands)	Prior	2021	2022	2023	2024	2025	Revolving Loans Amort. Cost Basis	Revolving Loans Convert. to Term	Total
Commercial:									
Pass	$ 92,082	$ 18,390	$ 35,098	$ 66,402	$ 83,098	$ 357,934	$ 593,711	$ 3,815	$ 1,250,530
Special Mention	524	309	11,264	994	10,360	—	7,018	—	30,469
Substandard	22,721	433	18,134	406	—	—	13,102	2,691	57,487
Total	115,327	19,132	64,496	67,802	93,458	357,934	613,831	6,506	1,338,486
YTD gross charge-offs	(1,208)	(525)	(304)	—	(57)	—	(296)	—	(2,390)
Income producing - commercial real estate:									
Pass	1,087,720	435,579	533,070	364,692	88,823	123,114	145,256	13,381	2,791,635
Special Mention	86,600	43,104	56,157	—	—	—	—	—	185,861
Substandard	167,878	90,035	114,451	—	—	—	858	—	373,222
Total	1,342,198	568,718	703,678	364,692	88,823	123,114	146,114	13,381	3,350,718
YTD gross charge-offs	(35,833)	—	—	—	—	—	(10,500)	—	(46,333)
Owner occupied - commercial real estate:									
Pass	667,233	209,803	89,580	132,719	126,792	356,437	636	—	1,583,200
Substandard	14,263	3,137	1,072	452	—	—	—	—	18,924
Total	681,496	212,940	90,652	133,171	126,792	356,437	636	—	1,602,124
YTD gross charge-offs	(22,238)	—	—	—		—	—	—	(22,238)
Real estate mortgage - residential:									
Pass	13,331	6,411	10,941	5,838	—	—	—	—	36,521
Substandard	579	—	—	—	—	—	—	—	579
Total	13,910	6,411	10,941	5,838	—	—	—	—	37,100
Construction - commercial and residential:									
Pass	10,095	106,241	307,223	120,558	10,228	23,415	92,900	8,294	678,954
Special Mention	—	—	25,082	—	—	—	27,469	—	52,551
Substandard	35,517	11,618	15,320	—	—	—	1,440	—	63,895
Total	45,612	117,859	347,625	120,558	10,228	23,415	121,809	8,294	795,400
YTD gross charge-offs	(1,579)	—	—	—	—	—	—	—	(1,579)
Construction - C&I (owner occupied):									
Pass	3,737	—	—	10,199	43,484	18,945	791	31,312	108,468
Home equity:									
Pass	1,282	35	114	—	—	—	44,822	805	47,058
Substandard	248	—	—	—	—	—	82	60	390
Total	1,530	35	114	—	—	—	44,904	865	47,448
YTD gross charge-offs	—	(206)	—	—	—	—	—	—	(206)
Other consumer:									
Pass	—	—	—	—	—	156	559	—	715
YTD gross charge-offs	(3)	—	—	—	—	—	—	(32)	(35)
Total Recorded Investment	$ 2,203,810	$ 925,095	$ 1,217,506	$ 702,260	$ 362,785	$ 880,001	$ 928,644	$ 60,358	$ 7,280,459
Total YTD gross charge-offs	$ (60,861)	$ (731)	$ (304)	$ —	$ (57)	$ —	$ (10,796)	$ (32)	$ (72,781)

The Company individually evaluates nonaccrual loans when performing its CECL estimate to calculate the ACL. Additionally, the Company utilizes historical internal and third-party service provider sourced loss data in the determination of its PD/LGD rates applied in the calculation of its CECL estimate. Upon determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Nonaccrual and Past Due Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status whether or not such loans are considered past due. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The table below presents, by portfolio segment, information related to the amortized cost basis of nonaccrual HFI loans.

	As of					
	March 31, 2026			December 31, 2025		
(dollars in thousands)	Nonaccrual with No Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Losses	Total Nonaccrual Loans	Nonaccrual with No Allowance for Credit Loss	Nonaccrual with an Allowance for Credit Losses	Total Nonaccrual Loans
Commercial	$ 3,672	$ 14,382	$ 18,054	$ 3,397	$ 14,702	$ 18,099
Income producing - commercial real estate	6,716	69,945	76,661	38,275	24,262	62,537
Owner occupied - commercial real estate	5,050	—	5,050	3,199	4,738	7,937
Real estate mortgage - residential	464	—	464	579	—	579
Construction- commercial and residential	2,773	25,243	28,016	2,074	15,320	17,394
Home equity	327	189	516	333	18	351
Total [(1)]	$ 19,002	$ 109,759	$ 128,761	$ 47,857	$ 59,040	$ 106,897

(1) Gross coupon interest income of $4.2 million, and $3.1 million would have been recorded for the three months ended March 31, 2026 and 2025, respectively, if nonaccrual loans shown above had been current and in accordance with their original terms. Interest income recognized on loans on nonaccrual status was $2.3 million and $1.6 million for the three months ended March 31, 2026 and 2025, respectively. See "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements for a description of the Company's policy for placing loans on nonaccrual status.

The table below presents, by portfolio segment, an aging analysis and the recorded investments in HFI loans past due.

	As of March 31, 2026						
(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Total Past Due Loans	Current Loans	Nonaccrual Loans	Total Recorded Investment in Loans
Commercial	$ 769	$ 379	$ —	$ 1,148	$ 1,413,731	$ 18,054	$ 1,432,933
Income producing - commercial real estate	12,654	3,638	—	16,292	2,937,051	76,661	3,030,004
Owner occupied - commercial real estate	—	—	—	—	1,681,160	5,050	1,686,210
Real estate mortgage – residential	578	—	—	578	34,701	464	35,743
Construction - commercial and residential	—	—	—	—	589,976	28,016	617,992
Construction - C&I (owner occupied)	—	—	—	—	87,666	—	87,666
Home equity	—	—	—	—	44,432	516	44,948
Other consumer	—	—	—	—	3,064	—	3,064
Total	$ 14,001	$ 4,017	$ —	$ 18,018	$ 6,791,781	$ 128,761	$ 6,938,560

	As of December 31, 2025						
(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Total Past Due Loans	Current Loans	Nonaccrual Loans	Total Recorded Investment in Loans
Commercial	$ 2,942	$ 44	$ —	$ 2,986	$ 1,317,401	$ 18,099	$ 1,338,486
Income producing - commercial real estate	2,688	—	—	2,688	3,285,493	62,537	3,350,718
Owner occupied - commercial real estate	167	12,573	—	12,740	1,581,447	7,937	1,602,124
Real estate mortgage – residential	4,544	—	—	4,544	31,977	579	37,100
Construction - commercial and residential	26,942	—	—	26,942	751,064	17,394	795,400
Construction - C&I (owner occupied)	—	—	—	—	108,468	—	108,468
Home equity	—	39	—	39	47,058	351	47,448
Other consumer	—	—	—	—	715	—	715
Total	$ 37,283	$ 12,656	$ —	$ 49,939	$ 7,123,623	$ 106,897	$ 7,280,459

Loan Modifications for Borrowers Experiencing Financial Difficulty

The Company evaluates all loan modifications according to the accounting guidance to determine if the modification results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulties that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications. Modifications with terms not as favorable to the Company as the terms for comparable loans to other customers with similar collection risk who are not refinancing or restructuring a loan with the Company and which have a direct impact on cash flows are considered modified loans to borrowers experiencing financial difficulty.

The Company may offer various types of modifications when restructuring a loan. Commercial and industrial loans modified in a loan restructuring often involve temporary interest-only payments, term extensions, and converting revolving credit lines to term loans. Additional collateral, a co-borrower, or a guarantor is often requested.

Commercial mortgage and construction loans modified in a loan restructuring often involve reducing the interest rate for the remaining term of the loan, extending the maturity date at an interest rate lower than the current market rate for new debt with similar risk, or substituting or adding a new borrower or guarantor. Construction loans modified in a loan restructuring may also involve extending the interest-only payment period.

Loans modified in a loan restructuring for the Company may have the financial effect of increasing the specific allowance associated with the loan. An allowance for consumer and commercial loans that have been modified in a loan restructuring is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the estimated fair value of the collateral, less any selling costs, if the loan is collateral dependent. Management exercises significant judgment in developing these estimates.

Commercial and consumer loans modified in a loan restructuring are closely monitored for delinquency as an early indicator of possible future default. If loans modified in a loan restructuring subsequently default, the Company evaluates the loan for possible further loss. The allowance may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan.

The table below presents the amortized cost basis and the financial effect of HFI loans modified for borrowers experiencing financial difficulty.

(dollars in thousands)	Term Extension	Combination - Term Extension and Principal Payment Delay	Total	Percentage of Total Loan Type	Weighted Average Term and Principal Payment Extension[1]	Weighted Average Interest Rate Reduction[2]
For the Three Months Ended March 31, 2026						
Commercial	$ 7,252	$ —	$ 7,252	0.5 %	9 months	— %
Income producing - commercial real estate	54,090	16,340	70,430	2.3 %	4 months	— %
Real estate mortgage - residential	4,515	—	4,515	12.6 %	14 months	— %
Total	$ 65,857	$ 16,340	$ 82,197			
For the Three Months Ended March 31, 2025						
Commercial	$ 3,310	$ 9,440	$ 12,750	1.1 %	12 months	— %
Income producing - commercial real estate	—	70,296	70,296	1.8 %	5 months	— %
Total	$ 3,310	$ 79,736	$ 83,046			

(1) For loans that received multiple modifications during the year, weighted average term and principal payment extensions were calculated based on the aggregate impact of the extensions received during the period.

(2) The weighted average is calculated based on the total amortized cost of loans, at the year-end, that received interest rate reduction modifications during the year.

The table below presents the performance of HFI loans modified during the prior twelve months for borrowers experiencing financial difficulty.

	Payment Status (Amortized Cost Basis)			
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual
March 31, 2026				
Commercial	$ 18,997	$ —	$ —	$ 2,581
Income producing - commercial real estate	153,404	7,159	—	7,423
Owner occupied - commercial real estate	12,659	—	—	—
Real estate mortgage - residential	4,515			—
Construction - C&I (owner occupied)	—	—	—	8,750
Total	$ 189,575	$ 7,159	$ —	$ 18,754
March 31, 2025				
Commercial	$ 46,010	$ —	$ —	$ —
Income producing - commercial real estate	172,099	—	—	84,442
Owner occupied - commercial real estate	863	—	—	—
Construction - commercial and residential	9,942	10,605	—	—
Total	$ 228,914	$ 10,605	$ —	$ 84,442

The Company monitors loan payments on performing and nonperforming loans on an on-going basis to determine if a loan is considered to have a payment default. To determine the existence of a payment default, the Company analyzes the economic conditions that exist for each borrower and their ability to generate positive cash flow during a given loan's term.

The table below presents the amortized cost basis of HFI loans that were experiencing payment default and were modified in the twelve months prior to that default for borrowers experiencing financial difficulty.

	Amortized Cost Basis	
(dollars in thousands)	**Term Extension**	**Combination - Term Extension and Principal Payment Delay**
March 31, 2026		
Commercial	$ 2,581	$ —
Income producing - commercial real estate	7,159	7,423
Construction - commercial and residential	1,520	7,230
Total	$ 11,260	$ 14,653
March 31, 2025		
Income producing - commercial real estate	$ —	$ 84,442
Construction - commercial and residential	—	10,605
Total	$ —	$ 95,047

The Company individually evaluates nonaccrual loans when performing its CECL estimate to calculate the ACL. Additionally, the Company utilizes historical internal and third-party service provider sourced loss data in the determination of its PD/LGD rates applied in the calculation of its CECL estimate. Upon determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Note 5 – Leases

The Company accounts for leases in accordance with ASC Topic 842. A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Substantially all of the leases in which the Company is the lessee comprise real estate for branch offices, ATM locations and corporate office space. Substantially all of our leases are classified as operating leases and are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the Consolidated Balance Sheet.

ROU assets represent our right to use an underlying asset for the lease term and operating lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the present value of the lease payments, we use the implicit lease rate if available. If the implicit lease rate is not available, we use the incremental borrowing rate at commencement date. The incremental borrowing rate is the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment.

As of March 31, 2026 and December 31, 2025, the Company had $27.6 million and $28.5 million of operating lease ROU assets respectively, and $34.5 million and $35.3 million of operating lease liabilities respectively, on the Company’s Consolidated Balance Sheet. The Company elects not to recognize ROU assets and operating lease liabilities arising from short-term leases, leases with initial terms of twelve months or less or equipment leases (deemed immaterial) on the Consolidated Balance Sheet.

The leases contain options to extend or terminate the lease, which are recognized as part of the ROU assets and lease liabilities when an economic benefit to exercise the option exists and there is a 90% probability that the Company will exercise the option. If these criteria are not met, the options are not included in our ROU assets and operating lease liabilities.

As of March 31, 2026, our leases do not contain material residual value guarantees or impose restrictions or covenants related to dividends or the Company’s ability to incur additional financial obligations.

The tables below present lease costs and other lease information.

	For the Three Months Ended March 31,	
(dollars in thousands)	**2026**	**2025**
Lease cost:		
Operating lease cost (cost resulting from lease payments)	$ 1,349	$ 1,892
Variable lease cost (cost excluded from lease payments)	123	115
Net lease cost	$ 1,472	$ 2,007
Operating lease - operating cash flows (fixed payments)	$ 1,190	$ 1,499

	As of	
(dollars in thousands)	**March 31, 2026**	**December 31, 2025**
Right-of-use assets - operating leases	$ 27,569	$ 28,451
Operating lease liabilities	$ 34,532	$ 35,256
Weighted average lease term - operating leases (in years)	8.97	9.12
Weighted average discount rate - operating leases	3.61%	3.60%

The table below presents the future minimum payments for operating leases with initial or remaining terms of one year or more.

(dollars in thousands)	**As of March 31, 2026**
Twelve months ended:	
March 31, 2027	$ 4,932
March 31, 2028	4,922
March 31, 2029	4,785
March 31, 2030	4,272
March 31, 2031	3,865
Thereafter	18,455
Total future minimum lease payments	41,231
Amounts representing interest	(6,699)
Present value of net future minimum lease payments	$ 34,532

Note 6 – Derivatives and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its assets and liabilities and the use of derivative financial instruments.

Fair Value Hedges of Interest Rate Risk

During 2025, the Company utilized pay-fixed, receive-floating interest rate swaps, accounted for as fair value hedges, to protect itself against adverse fluctuations in the fair value of AFS securities attributable to changes in the designated benchmark interest rate. Adjustments were made to record the hedging instrument at fair value on the balance sheet, with changes in fair value recognized in interest income. Changes in fair value of the AFS securities attributable to changes in the hedged risk were reclassified out of other comprehensive income (loss) through interest income each period to offset changes in fair value of the hedging instrument. The Company voluntarily discontinued this fair value hedging relationship in 2025. The Company is amortizing the hedging basis adjustment over a period consistent with amortization of other discounts or premiums on the asset. The cumulative amount of fair value hedging adjustments included in the amortized cost basis of the AFS securities was $290 thousand as of March 31, 2026.

During the quarter ended September 30, 2025, the Company began utilizing receive-fixed, pay-floating interest rate swaps, accounted for as fair value hedges, to protect itself against adverse fluctuations in the fair value of interest-bearing deposits attributable to changes in the benchmark interest rate. Adjustments will be made to record the hedging instrument at fair value on the balance sheet, with changes in fair value recognized in interest expense. The carrying value of the interest-bearing deposits will also be adjusted through interest expense, based on changes in fair value attributable to changes in the benchmark interest rate.

Cash Flow Hedges of Interest Rate Risk

The Company utilizes interest rate swaps, accounted for as cash flow hedges, to protect itself against adverse fluctuations in interest payments on variable rate loans. These swaps consist of receive-fixed, pay-floating interest rate swaps used to hedge the designated benchmark interest rate. The Company designates the receive-fixed, pay-floating interest rate swap as a cash flow hedge of the risk of changes in the cash flows on the hedged transactions. These swaps will be recorded on the balance sheet at fair value and, assuming the hedging relationship qualifies as highly effective, the gain or loss on the hedging instrument will be recorded in accumulated other comprehensive income and reclassified into interest income in the same period(s) during which the hedged transactions affect earnings. Any interest accruals will flow through earnings as adjustments to interest income.

Interest Rate Swaps Related to Customer Loans

Interest rate derivatives not designated as hedges are not speculative and result from a service the Company provides to certain customers. The Company executes interest rate caps and swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such transactions. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings (loss).

The Company entered into credit risk participation agreements ("RPAs") with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower’s performance related to interest rate derivative contracts in exchange for a fee. The fair value of RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers’ credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities.

Credit Risk Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

The Company is exposed to credit risk in the event of nonperformance by the interest rate derivative counterparty. The Company minimizes this risk by entering into derivative contracts with only large, stable financial institutions, and the Company has not experienced, and does not expect, any losses from counterparty nonperformance on the interest rate derivatives. The Company monitors counterparty risk in accordance with the provisions of ASC 815, *"Derivatives and Hedging"*. In addition, the interest rate derivative agreements contain language outlining collateral-pledging requirements for each counterparty. As of March 31, 2026, the Company had posted $370 thousand of cash collateral with other financial institutions and held $11.6 million of cash collateral on behalf of other financial institutions.

The interest rate derivative agreements detail: 1) that collateral be posted when the market value exceeds certain threshold limits associated with the secured party's exposure; 2) if the Company defaults on any of its indebtedness (including default where repayment of the indebtedness has not been accelerated by the lender), then the Company could also be declared in default on its derivative obligations; and 3) if the Company fails to maintain its status as a well-capitalized institution then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements.

The table below presents the amounts recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

(dollars in thousands)	As of March 31, 2026	As of December 31, 2025	As of March 31, 2026	As of December 31, 2025
Line Item in the Balance Sheet in Which the Hedged Item is Included	**Carrying Amount of the Hedged Assets (Liabilities)**		**Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets (Liabilities)**	
Deposits	$ (421,950)	$ (389,295)	$ 3,050	$ 705

The table below identifies the balance sheet category and fair value of the Company's derivative instruments. The Company has a minimum collateral posting threshold with its derivative counterparty. If the Company had breached any provisions under the agreement as of March 31, 2026, it could have been required to settle its obligations under the agreement at the termination value.

	As of March 31, 2026			As of December 31, 2025		
(dollars in thousands)	**Notional Amount**	**Fair Value**	**Balance Sheet Category**	**Notional Amount**	**Fair Value**	**Balance Sheet Category**
Derivatives in an asset position:						
Derivatives designated as hedging instruments:						
Cash flow hedges	$ —	$ —	Other Assets	$ 300,000	$ 60	Other Assets
Fair value hedges	—	—	Other Assets	—	—	Other Assets
Total hedging instruments	—	—		300,000	60	
Derivatives not designated as hedging instruments:						
Interest rate swaps related to customer loans	852,066	23,553	Other Assets	808,009	24,272	Other Assets
Total derivatives in an asset position	$ 852,066	$ 23,553		$ 1,108,009	$ 24,332	
Derivatives in a liability position:						
Derivatives designated as hedging instruments:						
Cash flow hedges	$ 600,000	$ 2,711	Other Liabilities	$ —	$ —	Other Liabilities
Fair value hedges	390,000	3,201	Other Liabilities	390,000	927	Other Liabilities
Total hedging instruments	990,000	5,912		390,000	927	
Derivatives not designated as hedging instruments:						
Interest rate swaps related to customer loans	852,066	22,332	Other Liabilities	808,009	23,015	Other Liabilities
Total derivatives in a liability position	$ 1,842,066	$ 28,244		$ 1,198,009	$ 23,942	

The table below presents the pre-tax net gains (losses) of the Company's designated cash flow hedges for the three months ended March 31, 2026 and 2025.

The Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Income (Loss)

	Amount of Gain (Loss) Recognized in OCI			Location of Gain (Loss) Recognized from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income Year Ended Amount of Gain (Loss) Reclassified from Accumulated OCI into Income		
(dollars in thousands)	Total	Included Component	Excluded Component		Total	Included Component	Excluded Component
Three Months Ended March 31, 2026:							
Derivatives in cash flow hedging relationships:							
Interest rate products	$ (2,585)	$ (2,585)	$ —	Interest income	$ (345)	$ (345)	$ —
Three Months Ended March 31, 2025:							
Derivatives in cash flow hedging relationships:							
Interest rate products	$ —	$ —	$ —	Interest expense	$ —	$ —	$ —

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations.

The Effect of Fair Value and Cash Flow Hedge Accounting on the Consolidated Statements of Operations

	Three Months Ended March 31,	
	2026	2025
(dollars in thousands)	Interest Income (Expense)	
Total amounts of expense line items presented in the Consolidated Statements of Operations in which the effects of fair value and cash flow hedges are recorded	$ (715)	$ —
The effect of fair value and cash flow hedging:		
Gain (loss) on fair value hedging relationships in Subtopic 815-20:		
Interest rate products:		
Hedged items	$ (370)	$ —
Derivatives designated as hedging instruments	3,201	—
Gain (loss) on cash flow hedging relationships in Subtopic 815-20:		
Interest rate products:		
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into income (loss)	$ (345)	$ —
Amount of gain (loss) reclassified from accumulated other comprehensive income into income as a result that a forecasted transaction is no longer probable of occurring	—	—
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into income (loss) - included component	(345)	—
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into income (loss) - excluded component	—	—

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations.

The Effect of Derivatives Not Designated as Hedging Instruments on the Consolidated Statements of Operations

		Amount of Gain or (Loss) Recognized in Income on Derivatives	
	Location of Gain or (Loss) Recognized in Income on Derivative	For the Three Months Ended March 31,	
(dollars in thousands)		2026	2025
Derivatives Not Designated as Hedging Instruments under ASC 815-20:			
Interest rate products	Other income / (expense)	$ 421	$ (6)

Note 7 – Deposits

The table below presents the Bank's deposit composition.

	As of	
(dollars in thousands)	March 31, 2026	December 31, 2025
Noninterest-bearing demand	$ 1,488,668	$ 1,433,952
Interest-bearing transaction	978,330	1,038,154
Savings and money market	3,286,125	3,624,813
Time deposits	2,838,376	3,036,687
Total	$ 8,591,499	$ 9,133,606

The tables below represent the remaining maturity of time deposits.

	As of	
(dollars in thousands)	March 31, 2026	December 31, 2025
2026	$ 1,825,180	$ 2,178,745
2027	657,937	516,925
2028	147,570	139,265
2029	79,174	75,687
2030	108,913	107,991
Thereafter	19,602	18,074
Total	$ 2,838,376	$ 3,036,687

The table below represents the time deposit accounts in excess of $250 thousand.

	As of	
(dollars in thousands)	March 31, 2026	December 31, 2025
Three months or less	$ 410,568	$ 252,100
More than three months through six months	197,942	391,299
More than six months through twelve months	312,075	305,557
Over twelve months	438,476	521,701
Total	$ 1,359,061	$ 1,470,657

As of March 31, 2026, total brokered deposits were $2.9 billion, or 34% of total deposits, compared to $3.3 billion, or 36%, as of December 31, 2025.

Note 8 – Borrowings

The table below summarizes the Company's borrowings.

(dollars in thousands)	Borrowings - Principal	Unamortized Deferred Issuance Costs	Net Borrowings Outstanding	Available Capacity [1]	Maturity Dates	Interest Rates [2]
As of March 31, 2026						
Short-term borrowings:						
Secured borrowings:						
FHLB	$ —	$ —	$ —	$ 899,817	N/A	— %
FRB:						
Discount window	—	—	—	1,184,055	N/A	— %
Total	—	—	—	2,083,872		
Long-term borrowings:						
Senior notes	77,665	(1,154)	76,511	—	September 30, 2029	10.00 %
Total borrowings	$ 77,665	$ (1,154)	$ 76,511	$ 2,083,872		
As of December 31, 2025						
Short-term borrowings:						
Secured borrowings:						
FHLB	$ —	$ —	$ —	$ 1,349,351	N/A	—%
FRB:						
Discount window	—	—	—	1,373,872	N/A	—%
Total	—	—	—	2,723,223		
Long-term borrowings:						
Senior notes	77,665	(1,237)	76,428	—	September 30, 2029	10.00%
Total borrowings	$ 77,665	$ (1,237)	$ 76,428	$ 2,723,223		

(1) Available capacity on the Company's borrowings arrangements with the FHLB and the FRB comprise pledged collateral that has not been borrowed against. FHLB capacity was reduced by $23.0 million as of March 31, 2026 and $12.4 million as of December 31, 2025 due to the issuance of letters of credit. As of March 31, 2026, the Company had total additional undrawn borrowing capacity of approximately $3.8 billion, comprising unencumbered securities available to be pledged of approximately $1.7 billion and undrawn financing on pledged assets of $2.1 billion.

(2) Represents the weighted average interest rate on customer repurchase agreements, borrowings outstanding and the coupon interest rate on the subordinated notes, which approximates the effective interest rate.

There are no prepayment penalties nor unused commitment fees on any of the Company's borrowing arrangements.

The Company used to offer a sweep account, or "customer repurchase agreement," allowing qualifying businesses to earn interest on short-term excess funds, which were not suited for either a certificate of deposit or a money market account. The Company discontinued this product offering in November 2025.

Senior Notes

On September 30, 2024, the Company closed a private placement of its 10.00% senior unsecured debt totaling $77.7 million maturing on September 30, 2029 (the "2029 Senior Notes"). As of March 31, 2026, the carrying value of these 2029 Senior Notes was $76.5 million which reflected $1.2 million in unamortized deferred financing costs that are being amortized over the life of the 2029 Senior Notes.

Note 9 – Net Income (Loss) per Common Share

The table below displays the calculation of net income (loss) per common share.

	For the Three Months Ended March 31,	
(dollars and shares in thousands, except per share data)	**2026**	**2025**
Basic:		
Net income (loss)	$ 14,718	$ 1,675
Average common shares outstanding	30,422	30,275
Basic net income (loss) per common share	$ 0.48	$ 0.06
Diluted:		
Net income (loss)	$ 14,718	$ 1,675
Average common shares outstanding	30,422	30,275
Adjustment for common share equivalents	118	129
Average common shares outstanding-diluted	30,540	30,404
Diluted net income (loss) per common share [1]	$ 0.48	$ 0.06
Anti-dilutive shares	39	136

[1] For any periods ending with a net loss, anti-dilutive financial instruments are excluded from the calculation of GAAP diluted earnings per share.

Basic net income (loss) per share is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the net income (loss) of the Company. The computation of diluted per share does not assume conversion or exercise of securities that would have an anti-dilutive effect on net income (loss) per share.

Securities issued by the Company that could potentially dilute net income (loss) per share in future periods include stock options and restricted stock. To calculate diluted net income (loss) per share, the Company utilizes the treasury stock method which results in only an incremental number of shares added to shares outstanding during the period.

Note 10 – Other Comprehensive Income (Loss)

The table below presents the components of other comprehensive income (loss).

(dollars in thousands)	Before Tax	Tax Effect	Net of Tax
Three Months Ended March 31, 2026			
Unrealized gain (loss) on securities available-for-sale	$ (70)	$ (9)	$ (79)
Amortization adjustment for (gain) loss on fair value hedging relationships	7	—	7
Reclassification adjustment for net realized (gain) loss included in net income (loss)	(3)	—	(3)
Total unrealized gain (loss) on securities available-for-sale	(66)	(9)	(75)
Amortization of unrealized gain (loss) on securities transferred to held-to-maturity	1,552	(357)	1,195
Total unrealized gain (loss) on securities held-to-maturity	1,552	(357)	1,195
Unrealized gain (loss) on derivatives	(3,042)	748	(2,294)
Reclassification adjustment for (gain) loss on cash flow hedging relationships	345	(85)	260
Total unrealized gain (loss) on derivatives	(2,697)	663	(2,034)
Other comprehensive income (loss)	$ (1,211)	$ 297	$ (914)
Three Months Ended March 31, 2025			
Unrealized gain (loss) on securities available-for-sale	$ 25,673	$ (6,322)	$ 19,351
Reclassification adjustment for net realized (gain) loss included in net income (loss)	(4)	1	(3)
Total unrealized gain (loss) on securities available-for-sale	25,669	(6,321)	19,348
Amortization of unrealized gain (loss) on securities transferred to held-to-maturity	1,565	(361)	1,204
Unrealized gain (loss) on derivatives	(24)	6	(18)
Other comprehensive income (loss)	$ 27,210	$ (6,676)	$ 20,534

The table below presents the changes in each component of accumulated other comprehensive income (loss), net of tax.

(dollars in thousands)	Available-for-Sale Securities	Held-to-Maturity Securities	Derivatives	Accumulated Other Comprehensive Income (Loss)
For the Three Months Ended March 31, 2026				
Balance at beginning of period	$ (59,486)	$ (29,757)	$ 84	$ (89,159)
Other comprehensive income (loss) before reclassifications	(79)	—	(2,294)	(2,373)
Amortization of unrealized loss on securities transferred to held-to-maturity	—	1,195	—	1,195
Amounts reclassified from accumulated other comprehensive income (loss)	4	—	260	264
Net other comprehensive income (loss) during period	(75)	1,195	(2,034)	(914)
Balance at end of period	$ (59,561)	$ (28,562)	$ (1,950)	$ (90,073)
For the Three Months Ended March 31, 2025				
Balance at beginning of period	$ (106,852)	$ (34,639)	$ 18	$ (141,473)
Other comprehensive income (loss) before reclassifications	19,351	—	(18)	19,333
Amortization of unrealized loss on securities transferred to held-to-maturity	—	1,204	—	1,204
Amounts reclassified from accumulated other comprehensive income (loss)	(3)	—	—	(3)
Net other comprehensive income (loss) during period	19,348	1,204	(18)	20,534
Balance at end of period	$ (87,504)	$ (33,435)	$ —	$ (120,939)

The table below presents the amounts reclassified out of each component of accumulated other comprehensive income (loss).

(dollars in thousands)	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) For the Three Months Ended March 31, 2026	2025	Affected Line Item in the Statement Where Net Income (Loss) is Presented
Realized gain (loss) on sale of investment securities	$ 3	$ 4	Net gain (loss) on sale of investment securities
Gain (loss) on fair value hedging relationships - AFS securities	(7)	—	Interest income
Gain (loss) on cash flow hedging relationships - Loans	(345)	—	Interest income
Income tax benefit (expense)	85	(1)	Income tax expense
Total	$ (264)	$ 3	Net Income (Loss)

Note 11 – Fair Value Measurements

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC 820, *"Fair Value Measurements and Disclosures"*, establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Quoted prices in active exchange markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets or other observable inputs that can be corroborated by observable market data; also includes derivative contracts whose value is determined using a pricing model with observable market inputs or inputs that can be derived principally from or corroborated by observable market data. This category generally includes certain U.S. Government and agency securities, corporate debt securities, and derivative instruments.

Level 3 Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for single dealer nonbinding quotes not corroborated by observable market data. This category generally includes certain private equity investments, retained interests from securitizations and certain collateralized debt obligations.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets and liabilities measured at fair value on a recurring basis.

	As of March 31, 2026			
(dollars in thousands)	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Investment securities available-for-sale:				
U.S. agency securities	$ —	$ 315,063	$ —	$ 315,063
Residential mortgage-backed securities	—	539,310	—	539,310
Commercial mortgage-backed securities	—	66,116	—	66,116
Municipal bonds	—	7,872	—	7,872
Corporate bonds	—	1,953	—	1,953
Derivative assets	—	23,553	—	23,553
Total assets measured at fair value on a recurring basis	$ —	$ 953,867	$ —	$ 953,867
Liabilities:				
Derivative liabilities	$ —	$ 28,244	$ —	$ 28,244
Total liabilities measured at fair value on a recurring basis	$ —	$ 28,244	$ —	$ 28,244

	As of December 31, 2025			
(dollars in thousands)	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Investment securities available-for-sale:				
U.S. agency securities	—	337,708	—	337,708
Residential mortgage-backed securities	—	562,504	—	562,504
Commercial mortgage-backed securities	—	66,545	—	66,545
Municipal bonds	—	8,046	—	8,046
Corporate bonds	—	1,967	—	1,967
Derivative assets	—	24,332	—	24,332
Total assets measured at fair value on a recurring basis	$ —	$ 1,001,102	$ —	$ 1,001,102
Liabilities:				
Derivative liabilities	$ —	$ 23,942	$ —	$ 23,942
Total liabilities measured at fair value on a recurring basis	$ —	$ 23,942	$ —	$ 23,942

Investment securities available-for-sale: AFS securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair value is measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 2 securities includes certain U.S. treasury bonds, U.S. agency debt securities, MBS issued by Government Sponsored Entities and municipal bonds. Securities classified as Level 3 include securities in less liquid markets, for which the carrying amounts approximate the fair value.

Credit risk participation agreements: The Company enters into RPAs with institutional counterparties, under which the Company assumes its pro-rata share of the credit exposure associated with a borrower's performance related to interest rate derivative contracts. The fair value of RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities. Accordingly, RPAs fall within Level 2.

Interest rate derivatives: The Company entered into an interest rate derivative agreement with an institutional counterparty, under which the Company will receive cash if and when market rates exceed the derivatives' strike rate. The fair value of the derivative is calculated by determining the total expected asset or liability exposure of the derivatives. Total expected exposure incorporates both the current and potential future exposure of the derivative, derived from using observable inputs, such as yield curves and volatilities. Accordingly, the derivative falls within Level 2.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The Company measures certain assets at fair value on a nonrecurring basis and the following is a general description of the methods used to value such assets.

Loans: The fair value of individually assessed loans and HFS loans is estimated using one of several methods, including the collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. Those individually assessed loans not requiring a specific allowance represent loans for which the fair value of expected repayments or collateral exceed the recorded investment in such loans. As of March 31, 2026, substantially all of the Company’s individually evaluated loans were evaluated based upon the fair value of the collateral. In accordance with ASC Topic 820, individually evaluated loans and HFS loans where an allowance is established based on the fair value of collateral, i.e., those that are collateral dependent, require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price, the Company records the loan as nonrecurring Level 2. When management determines the fair value of the collateral based on the appraised value and there is no observable market price, the Company records the loan as nonrecurring Level 3.

Other real estate owned ("OREO"): OREO is initially recorded at fair value less estimated selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management’s estimation of the value of the collateral, which the Company classifies as a Level 3 valuation.

The table below presents assets measured at fair value on a nonrecurring basis. There were no liabilities measured at fair value on a non-recurring basis as of March 31, 2026 and December 31, 2025.

	As of March 31, 2026			
(dollars in thousands)	**Quoted Prices (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total Fair Value**
Individually assessed loans:				
Commercial	$ —	$ —	$ 10,420	$ 10,420
Income producing - commercial real estate	—	—	54,150	54,150
Owner occupied - commercial real estate	—	—	5,052	5,052
Real estate mortgage - residential	—	—	564	564
Construction - commercial and residential	—	—	20,293	20,293
Consumer	—	—	370	370
Loans held for sale	—	—	55,702	55,702
Other real estate owned	—	—	2,059	2,059
Total assets measured at fair value on a nonrecurring basis	$ —	$ —	$ 148,610	$ 148,610

	As of December 31, 2025			
(dollars in thousands)	**Quoted Prices (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total Fair Value**
Individually assessed loans:				
Commercial	$ —	$ —	$ 8,580	$ 8,580
Income producing - commercial real estate	—	—	59,655	59,655
Owner occupied - commercial real estate	—	—	3,695	3,695
Real estate mortgage - residential	—	—	579	579
Construction - commercial and residential	—	—	14,460	14,460
Consumer	—	—	333	333
Loans held for sale	—	—	90,650	90,650
Other real estate owned	—	—	2,059	2,059
Total assets measured at fair value on a nonrecurring basis	$ —	$ —	$ 180,011	$ 180,011

As shown in the table above, certain assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-fair value accounting or write-downs of individual assets after they are evaluated for impairment. The primary assets accounted for at fair value on a nonrecurring basis are related to collateral-dependent loans that are individually assessed and other real estate owned. For the collateral-dependent loans and other real estate owned, the Company measures the fair value utilizing a market valuation approach, based on an appraisal conducted by an independent, licensed appraiser. Management may discount the value from the appraisal in determining the fair value if, based on its understanding of the market conditions, the collateral had been impaired below the appraised value (Level 3). For loans that are not collateral dependent, the Company uses an income approach, specifically, the discounted cash flow method. The continuing payments are discounted over the expected life at the loan’s original contract rate and include adjustments for risk of default.

Fair Value of Financial Instruments

The Company discloses fair value information about financial instruments for which it is practicable to estimate the value, whether or not such financial instruments are recognized on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by quoted market price, if one exists.

Quoted market prices, if available, are shown as estimates of fair value. Because no quoted market prices exist for a portion of the Company’s financial instruments, the fair value of such instruments has been derived based on management’s assumptions with respect to future economic conditions, the amount and timing of future cash flows and estimated discount rates. Different assumptions could significantly affect these estimates. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of individual financial instrument values, including in certain cases, the Company's estimation of exit pricing, and should not be considered an indication of the fair value of the Company taken as a whole.

The table below presents the estimated fair values of the Company’s financial instruments.

			Fair Value Measurements		
(dollars in thousands)	**Carrying Value**	**Fair Value**	**Quoted Prices (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
As of March 31, 2026					
Assets					
Cash and due from banks	$ 12,626	$ 12,626	$ 12,626	$ —	$ —
Interest-bearing deposits with other banks	566,733	566,733	—	566,733	—
Investment securities available-for-sale	930,314	930,314	—	930,314	—
Investment securities held-to-maturity	841,273	757,238	—	757,238	—
Federal Reserve and Federal Home Loan Bank stock	27,685	N/A	—	—	—
Loans held for sale	55,702	55,702	—		55,702
Loans held for investment	6,938,560	6,784,673	—	—	6,784,673
Bank owned life insurance	339,844	339,844	—	339,844	—
Annuity investment	11,796	11,796	—	11,796	—
Interest rate product	23,553	23,553	—	23,553	—
Accrued interest receivable	38,823	38,823	—	38,823	—
Liabilities					
Noninterest-bearing deposits	1,488,668	1,488,668	—	1,488,668	—
Interest-bearing deposits	4,264,455	4,264,455	—	4,264,455	—
Time deposits	2,838,376	2,844,719	—	2,844,719	—
Long-term borrowings	76,511	81,167	—	81,167	—
Interest rate product	28,244	28,244	—	28,244	—
Accrued interest payable	8,726	8,726	—	8,726	—
As of December 31, 2025					
Assets					
Cash and due from banks	$ 11,692	$ 11,692	$ 11,692	$ —	$ —
Interest-bearing deposits with other banks	684,001	684,001	—	684,001	—
Investment securities available-for-sale	976,770	976,770	—	976,770	—
Investment securities held-to-maturity	854,780	774,947	—	774,947	—
Federal Reserve and Federal Home Loan Bank stock	28,327	N/A	—	—	—
Loans held for sale	90,650	90,650	—		90,650
Loans held for investment	7,280,459	7,093,276	—	—	7,093,276
Bank owned life insurance	335,177	335,177	—	335,177	—
Annuity investment	12,061	12,061	—	12,061	—
Interest rate product	24,332	24,332	—	24,332	—
Accrued interest receivable	41,373	41,373	—	41,373	—
Liabilities					
Noninterest-bearing deposits	1,433,952	1,433,952	—	1,433,952	—
Interest-bearing deposits	4,662,967	4,662,967	—	4,662,967	—
Time deposits	3,036,687	3,050,951	—	3,050,951	—
Long-term borrowings	76,428	80,329	—	80,329	—
Interest rate product	23,942	23,942	—	23,942	—
Accrued interest payable	10,798	10,798	—	10,798	—

Note 12 – Segment Reporting

The Company has one reporting unit, one operating segment and, consequently, a single reportable segment. The Chief Executive Officer, who is the Company’s chief operating decision maker ("CODM"), monitors revenue streams and other information provided about the company’s products and services offered, primarily banking operations. The information provided to the CODM is presented on an aggregated entity-level basis, which is consistent with the accompanying Consolidated Financial Statements presented in this Form 10-Q. The CODM evaluates the financial performance of the Company’s business by evaluating revenue streams, significant expenses, and budget to actual results in assessing operating results and in allocating resources, but profitability is only determined at the entity level. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and allocating resources. Interest income and fees on loans, investments, and deposits provide the majority of revenues in the Company's operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the Company's operations. All of the Company's income and expenses are included in the accompanying Consolidated Financial Statements presented in this Form 10-Q. All of the Company’s operations are domestic.

Note 13 – Legal Contingencies

From time to time, the Company and its subsidiaries are involved in various legal proceedings incidental to their business in the ordinary course, including matters in which damages in various amounts are claimed, as well as regulatory and governmental investigations and inquiries that could result in penalties, fines or other sanctions against the Company. Based on information currently available, the Company does not believe that the liabilities (if any) resulting from such matters will have a material effect on the financial position of the Company. However, considering inherent uncertainties involved in such matters, ongoing legal expenses or an adverse outcome in one or more of these matters could materially and adversely affect the Company's financial condition, results of operations or cash flows in any particular reporting period, as well as its reputation.

Under ASC 450, the Company accrues for a loss contingency when the loss is probable and reasonably estimable. The Company discloses the matter if a material loss is at least reasonably possible. Under ASC 450, a loss contingency is "reasonably possible" if "the chance of the future event or events occurring is more than remote but less than likely", and a loss contingency is "remote" if "the chance of the future event or events occurring is slight."

The Company is cooperating with an ongoing investigation by the U.S. Attorney’s Office for the Middle District of Pennsylvania into, among other things, the Company’s anti-money laundering controls and the Company’s relationship with a former customer who pleaded guilty to a charge of bank fraud in 2020. The Company is engaged in advanced discussions with the U.S. Attorney’s Office regarding a potential resolution of the investigation, but there can be no assurance that these discussions will lead to a resolution. In light of the advanced discussions for this matter, the Company accrued a provision of $10 million for the fourth quarter of 2025. Refer to Note 19 – Commitments and Contingent Liabilities in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following discussion provides information about the results of operations, financial condition, liquidity, asset quality, and capital resources of Eagle Bancorp, Inc. and its subsidiaries (collectively, the "Company") as of and for the periods indicated. The Company’s primary subsidiary is EagleBank (the "Bank"), and the Company’s other direct and indirect active subsidiaries are Bethesda Leasing, LLC, Eagle Insurance Services, LLC and Landroval Municipal Finance, Inc.

This discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and Notes thereto, appearing elsewhere in this report and the MD&A in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K").

Caution About Forward-Looking Statements. This report contains forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. These forward-looking statements represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, our expected financial condition and asset quality, expected operating results and the assumptions upon which those statements are based. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements and are typically identified with words such as "may," "will," "can," "anticipates," "believes," "expects," "plans," "strategies," "outlook," "estimates," "potential," "assume," "probable," "possible," "continue," "should," "could," "would," "strive," "seeks," "deem," "projections," "forecast," "consider," "indicative," "uncertainty," "likely," "unlikely," "likelihood," "unknown," "attributable," "depends," "intends," "generally," "feel," "typically," "judgment," "subjective" and similar words or phrases.

For details on factors that could affect these expectations, see the risk factors and other cautionary language included in the Company's 2025 Form 10-K, and in other periodic and current reports filed by the Company with the Securities and Exchange Commission (the "SEC"). These forward-looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements. The Company's past results are not necessarily indicative of future performance, and nothing contained herein is meant to or should be considered and treated as earnings guidance of future performance projections. All information is as of the date of this report. Any forward-looking statements made by or on behalf of the Company speak only as to the date they are made. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to revise or update publicly any forward-looking statement for any reason.

General

The Company is a growth-oriented, one-bank holding company headquartered in Bethesda, Maryland. The Company provides general commercial and consumer banking services through the Bank, its wholly owned banking subsidiary, a Maryland chartered bank which is a member of the Federal Reserve System (the "Federal Reserve Board", "Federal Reserve" or "FRB").

The Company was organized in October 1997 to be the holding company for the Bank. The Bank was organized in 1998 as an independent, community-oriented, full service banking alternative to the super regional financial institutions that dominate the Company’s primary market area. The Company’s philosophy is to provide superior, personalized service to its customers. The Company focuses on relationship banking, providing each customer with a number of services and becoming familiar with and addressing customer needs in a proactive, personalized fashion. The Bank currently has twelve branch offices (six in Suburban Maryland, three in Washington, D.C. and three in Northern Virginia), a principal corporate office, four lending centers and one operations center.

The Bank offers a broad range of commercial banking services to its business and professional clients, as well as full-service consumer banking services to individuals living and/or working primarily in the Bank's market area. The Bank emphasizes providing commercial banking services to sole proprietors, small and medium-sized businesses, non-profit organizations and associations, and investors living and working in and near the primary service area. These services include the usual deposit functions of commercial banks, including business and personal checking accounts, Negotiable Order of Withdrawal ("NOW") accounts, money market and savings accounts, business, construction, and commercial loans, consumer loans, and cash management services. The Bank is also active in the origination of Small Business Administration ("SBA") loans. The Bank generally sells the guaranteed portion of the SBA loans in a transaction apart from the loan origination generating noninterest income from the gains on sale, as well as servicing income on the portion participated.

Bethesda Leasing, LLC, a subsidiary of the Bank, holds title to and manages other real estate owned ("OREO") assets. Landroval Municipal Finance, Inc., a subsidiary of the Bank, focuses on lending to municipalities by buying debt on the public market as well as direct purchase issuance.

Critical Accounting Policies and Estimates

The Company's Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the Consolidated Financial Statements; accordingly, as this information changes, the Consolidated Financial Statements could reflect different estimates, assumptions, and judgments. Certain policies have a greater reliance on the use of estimates, assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants an impairment write-down or a valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The Company applies the accounting policies contained in "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements included in the Company's 2025 Form 10-K and "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements included in this report. There have been no significant changes to the Company's accounting policies as disclosed in the Company's 2025 Form 10-K.

Allowance for Credit Losses and Provision for Unfunded Commitments

A consequence of lending activities is that we incur credit losses, so we record an allowance for credit losses (the "ACL") with respect to loan receivables and a reserve for unfunded commitments (the "RUC") as estimates of those losses. The amount of the ACL on loans is based on management's assessment of current expected credit losses ("CECL") in the portfolio.

The amount of such losses will vary depending upon the risk characteristics of the loan portfolio as affected by economic conditions such as changes in interest rates, the financial performance of borrowers and regional unemployment rates, which management estimates by using a national forecast and estimating a regional adjustment based on historical differences between the two.

Management has significant discretion in making the judgments inherent in the determination of the provisions for credit loss, the ACL and the RUC. Our determination of these amounts requires significant reliance on estimates and significant judgment as to the amount and timing of expected future cash flows on loans, significant reliance on historical loss rates on homogenous portfolios, consideration of our quantitative and qualitative evaluation of economic factors and the reliance on our reasonable and supportable forecasts.

We estimate the ACL on loans using a quantitative model that uses a probability of default ("PD") / Loss Given Default ("LGD") cash flow method with an exposure at default ("EAD") model to estimate expected credit losses for our loan segments. The modeling of expected prepayment speeds is based on historical internal data and adjustments to account for loan-specific risk characteristics after pooling our loan portfolio based on similar risk characteristics.

The Company uses regression analysis of historical internal and peer data provided by a third-party service provider (as Company loss data alone is insufficient) to determine suitable loss drivers to utilize when modeling lifetime PD and LGD. This analysis also determines how expected PD will react to forecasted levels of the loss drivers. During 2024, management enhanced the cash flow model to incorporate additional macroeconomic variables. The four economic variables selected, national unemployment (original variable used), Commercial Real Estate ("CRE") Price Index, House Price Index and Gross Domestic Product ("GDP"), are incorporated by utilizing a Loss Driver Analysis approach that factors in historical losses, including during the Great Recession, of regional peer banks and the Bank. The updated model incorporates a weighting of three economic scenarios; baseline, upside and downside. The scenarios cover the four economic forecast variables, with each segment of the portfolio linked to two of these variables, depending on the segment. The loss driver analysis is spread over a reasonable and supportable period of 18 months and reverts back to a historical loss rate over twelve months on a straight-line basis over the loan's remaining maturity. Management leverages economic projections from reputable and independent third parties to inform its loss driver forecasts over the forecast period.

Loans that have evidence of credit deterioration are excluded from the loan segments subject to the quantitative model described above and are individually assessed.

The RUC represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. The RUC is determined by estimating future draws and applying the expected loss rates on those draws.

The ACL also includes an amount for inherent risks not reflected in the historical analyses. Relevant factors reflected in the qualitative component of the reserve include, but are not limited to, concentrations of credit risk, appraisal risk from volatility in the market, changes in underwriting standards, experience and depth of lending staff and trends in delinquencies.

Management has developed an analytical process to monitor the adequacy of the ACL. Our methodology for determining our ACL was developed utilizing, among other factors, the guidance from federal banking regulatory agencies and relevant available information from internal and external sources and relating to past events, current conditions and reasonable and supportable forecasts. The process is being continually enhanced and refined based on periodic reviews. Material changes to these and other relevant factors may result in greater volatility to the reserve for credit losses, and therefore, greater volatility to our reported earnings. See "Note 1 – Summary of Significant Accounting Policies", "Note 3 – Investment Securities" and "Note 4 – Loans and Allowance for Credit Losses" to the Consolidated Financial Statements, and the “Provision for Credit Losses” and "Allowance for Credit Losses" sections below for more information on the provision for credit losses and ACL for the loan portfolio.

Results of Operations

Summary of Consolidated Statements of Operations

This section discusses our condensed consolidated results of operations and should be read together with our consolidated financial statements and the accompanying notes.

	For the Three Months Ended March 31,		
(dollars in thousands)	2026	2025	Change
Net Interest Income	$ 63,694	$ 65,649	$ (1,955)
Less: Provision for (Reversal of) Credit Losses	13,382	26,255	(12,873)
Less: Provision for (Reversal of) Credit Losses for Unfunded Commitments	(1,779)	(297)	(1,482)
Net Interest Income After Provision for (Reversal of) Credit Losses	52,091	39,691	12,400
Noninterest income	12,708	8,207	4,501
Noninterest expense	48,740	45,451	3,289
Income (Loss) Before Income Tax Expense	16,059	2,447	13,612
Income Tax Expense (Benefit)	1,341	772	569
Net Income (Loss)	$ 14,718	$ 1,675	$ 13,043

The increase in net income for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, was primarily due to lower provision for credit losses during three months ended March 31, 2026. See respective subsections below for the primary drivers of change and further discussion on net interest income, provision for credit losses, noninterest income, noninterest expenses, and income tax expenses.

When the impact of the provision is excluded, pre-provision net revenue ("PPNR"), a non-GAAP measure, was relatively flat at $27.7 million for the three months ended March 31, 2026, as compared to $28.4 million for the three months ended March 31, 2025. Refer to the "Use of Non-GAAP Financial Measures" section for additional detail and a reconciliation of GAAP to non-GAAP financial measures.

The efficiency ratio, which measures the ratio of noninterest expense to total net revenue (the sum of net interest income and noninterest income), was 63.79% for the three months ended March 31, 2026 compared to 61.54% for the three months ended March 31, 2025.

Net interest margin, which measures net interest income as a percentage of earning assets, was 2.47% for the three months ended March 31, 2026, an increase compared to 2.28% for the three months ended March 31, 2025. For further information on the components and drivers of these changes, see the "Net Interest Income and Net Interest Margin" section below.

Loans, which generally have higher yields than securities and other earning assets, represented 68.0% and 68.2% of average earning assets for three months ended March 31, 2026 and 2025, respectively. Refer to the "Loan Portfolio" below for further discussion on loans.

Average investment securities for the three months ended March 31, 2026 were 17.6% of average earning assets compared to 19.4% for the three months ended March 31, 2025. Interest-bearing deposits with other banks represented 14.4% and 12.5% of average earning assets for three months ended March 31, 2026 and 2025, respectively.

The ratio of common equity to total assets increased to 11.51% as of March 31, 2026, compared to 10.78% as of December 31, 2025. For the three months ended March 31, 2026, the return on average assets ("ROAA") was 0.54%, compared to 0.06% for the three months ended March 31, 2025. Total shareholders' equity was $1.15 billion as of March 31, 2026, compared to $1.13 billion as of December 31, 2025, an increase of 1%. The return (loss) on average common equity for three months ended March 31, 2026 was 5.20%, compared to 0.55% for the three months ended March 31, 2025.

Net Interest Income and Net Interest Margin

Net interest income is the difference between interest income on earning assets and the cost of funds supporting those assets. Earning assets are composed primarily of loans, investment securities and interest-bearing deposits with other banks and other short term investments. The cost of funds represents interest expense on deposits, customer repurchase agreements and other borrowings, which consist primarily of federal funds purchased, advances from secured financing arrangements, including the Federal Home Loan Bank of Atlanta ("FHLB") and Discount Window, and senior notes. Noninterest-bearing deposits and capital are other components representing funding sources. Changes in the volume and mix of assets and funding sources, along with the changes in yields earned and rates paid, determine changes in net interest income.

The table below presents the average balances and rates of the major categories of the Company's assets and liabilities. Included in the tables are measurements of interest rate spread and margin. Interest rate spread is the difference (expressed as a percentage) between the interest rate earned on earning assets less the interest rate paid on interest-bearing liabilities. While the interest rate spread provides a quick comparison of earnings rates versus cost of funds, management believes that margin, together with net interest income, provides a better measurement of performance. The net interest margin (as compared to net interest spread) includes the effect of noninterest-bearing sources in its calculation. Net interest margin is net interest income expressed as a percentage of average earning assets.

Eagle Bancorp, Inc.
Consolidated Average Balances, Interest Yields And Rates (Unaudited)

	For the Three Months Ended March 31,					
	2026			2025		
(dollars in thousands)	Average Balance	Interest	Average Yield / Rate	Average Balance	Interest	Average Yield / Rate
Assets						
Interest earning assets:						
Interest-bearing deposits with other banks and other short-term investments	$ 1,420,918	$ 12,689	3.62 %	$ 1,450,464	$ 15,830	4.43 %
Loans held for sale[1]	85,096	1,380	6.58 %	169	—	— %
Loans [1] [2]	7,112,483	108,185	6.17 %	7,933,695	126,136	6.45 %
Investment securities available-for-sale [2]	988,390	5,187	2.13 %	1,321,954	6,857	2.10 %
Investment securities held-to-maturity	849,802	4,460	2.13 %	933,880	5,055	2.20 %
Total interest earning assets	10,456,689	131,901	5.12 %	11,640,162	153,878	5.36 %
Noninterest earning assets	734,996			596,585		
Less: allowance for credit losses	(161,755)			(118,557)		
Total noninterest earning assets	573,241			478,028		
Total Assets	$ 11,029,930			$ 12,118,190		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing transaction	$ 1,462,553	$ 9,317	2.58 %	$ 1,368,609	$ 9,908	2.94 %
Savings and money market	3,437,234	25,851	3.05 %	3,682,217	32,389	3.57 %
Time deposits	2,934,494	30,957	4.28 %	2,951,111	34,914	4.80 %
Total interest-bearing deposits	7,834,281	66,125	3.42 %	8,001,937	77,211	3.91 %
Customer repurchase agreements and federal funds purchased	—	—	— %	36,572	260	2.88 %
Derivative collateral liability	7,745	56	2.93 %	—	—	— %
Other short-term borrowings	—	—	— %	682,222	8,733	5.19 %
Long-term borrowings	76,483	2,026	10.74 %	76,146	2,025	10.79 %
Total interest-bearing liabilities	7,918,509	68,207	3.49 %	8,796,877	88,229	4.07 %
Noninterest-bearing liabilities:						
Noninterest-bearing demand	1,817,726			1,881,296		
Other liabilities	146,110			197,212		
Total noninterest-bearing liabilities	1,963,836			2,078,508		
Shareholders' equity	1,147,585			1,242,805		
Total Liabilities and Shareholders' Equity	$ 11,029,930			$ 12,118,190		
Net interest income		$ 63,694			$ 65,649	
Net interest spread			1.63 %			1.29 %
Net interest margin			2.47 %			2.28 %
Cost of funds			2.84 %			3.35 %

(1) Loans placed on nonaccrual status are included in average balances. Net loan fees and late charges included in interest income on loans totaled $3.9 million and $3.8 million for the three months ended March 31, 2026 and 2025, respectively.
(2) Interest and fees on loans and investments exclude tax equivalent adjustments.

Net interest income decreased in the first quarter of 2026 compared to the first quarter of 2025, primarily due to a larger decrease in interest-earning assets compared to interest-bearing liabilities. Additionally, average loan yields and interest bearing deposits with other banks and short term investments yields were lower in first quarter of 2026 compared to the first quarter of 2025, partially offset by lower rates on interest-bearing liabilities.

Net interest margin was 2.47% for the three months ended March 31, 2026, an increase compared to 2.28% for the three months ended March 31, 2025. The cost of funds on interest-bearing liabilities decreased by 51 basis points from 3.35% for the first quarter of 2025 to 2.84% for the first quarter of 2026, while the yield on interest-earning assets had a decrease of 24 basis points from 5.36% for the first quarter of 2025 to 5.12% for the first quarter of 2026.

Rate/Volume Analysis of Net Interest Income

The rate/volume table below presents the composition of the change in net interest income for the period indicated, as allocated between the change in net interest income due to changes in the volume of average earning assets and interest-bearing liabilities, and the changes in net interest income due to changes in interest rates.

	Three Months Ended March 31, 2026 Compared with Three Months Ended March 31, 2025		
(dollars in thousands)	**Change Due to Volume**	**Change Due to Rate**	**Total Increase (Decrease)**
Interest earned on:			
Interest-bearing deposits with other banks and other short-term investments	$ (322)	$ (2,819)	$ (3,141)
Loans held for sale	1,380	—	1,380
Loans	(13,056)	(4,895)	(17,951)
Investment securities available-for sale	(1,730)	60	(1,670)
Investment securities held-to-maturity	(455)	(140)	(595)
Total interest income	(14,183)	(7,794)	(21,977)
Interest paid on:			
Interest-bearing transaction	680	(1,271)	(591)
Savings and money market	(2,155)	(4,383)	(6,538)
Time deposits	(197)	(3,760)	(3,957)
Customer repurchase agreements	(260)	—	(260)
Derivative collateral liability	56	—	56
Other short-term borrowings	(8,733)	—	(8,733)
Long-term borrowings	9	(8)	1
Total interest expense	(10,600)	(9,422)	(20,022)
Net interest income	$ (3,583)	$ 1,628	$ (1,955)

Provision for Credit Losses

The provision for credit losses represents the amount of expense charged to current earnings to record the ACL on loans and the ACL on HTM investment securities. The amount of the ACL on loans is based on management's assessment of current expected credit losses in the portfolio. Those factors include historical losses based on internal and peer data, economic conditions and trends, the value and adequacy of collateral, volume and mix of the portfolio, performance of the portfolio, and internal loan processes of the Company.

The table below presents a breakdown of the current provision for credit losses included in our Consolidated Statements of Operations.

	For the Three Months Ended March 31,	
(dollars in thousands)	**2026**	**2025**
Provision for (reversal of) credit losses - loans	$ 13,506	$ 26,309
Provision for (reversal of) credit losses - HTM debt securities	(124)	(54)
Total Provision for credit losses	$ 13,382	$ 26,255
Net charge offs in ACL	$ (25,947)	$ (11,230)

The change in the provision for credit losses on the loan portfolio for the three months ended March 31, 2026 was primarily attributable to a decrease in the qualitative reserve for CRE office loans ("office overlay"), partially offset by updated quantitative assumptions used to calculate our current expected credit losses.

Net charge-offs of $25.9 million during the three months ended March 31, 2026 represented 1.47% of average loans held for investment on an annualized basis, an increase from net charge-offs of $11.2 million in the three months ended March 31, 2025, which represented 0.57% of average loans held for investment on an annualized basis.

During 2025, we began executing on a revised strategy for resolving criticized and classified loans with the goal of accelerating dispositions and reducing asset quality risk. In furtherance of this strategy, we continue to obtain updated valuations on the underlying collateral for certain loans and incorporate new information about borrower performance. These updated valuations reflect the rapidly changing commercial real estate market in the D.C. metro area. To mitigate future valuation risk, certain loans were transferred to loans held-for-sale ("HFS") in the three months ended March 31, 2026, which resulted in charge-offs of $11.6 million to record those loans at their fair value at the time of transfer. We believe our actions during the current period reflect a disciplined approach to credit risk management that incorporates updated market and borrower data into our loss estimates.

The office overlay decreased in the three months ended March 31, 2026 relative to the three months ended March 31, 2025, impacted by updated assumptions associated with the PD and LGD rates as well as the migration of one sizable relationship to nonaccrual status that is now individually evaluated for a specific reserve. The office overlay for the three months ended March 31, 2026 reflects management’s assessment of continued uncertainty in the CRE office sector, as well as potential lag effects from interest-rate sensitivity, valuation declines, and refinancing risk. Management continues to monitor trends, including occupancy, capitalization rates, and market liquidity, across key metropolitan areas and may adjust qualitative reserves further as these factors evolve.

The ACL coverage ratio remains within management’s target range and reflects the current asset quality profile, though further provision expense may be required if collateral values or borrower performance deteriorate.

The provision for credit losses for the held-to-maturity securities portfolio was recorded primarily on several corporate bonds. During the three months ended March 31, 2026, there was a reversal of provision for credit losses of $124 thousand for the held-to-maturity securities portfolio, compared to a reversal of provision expense of $54 thousand for the year ended three months ended March 31, 2025.

The provision for credit losses for unfunded commitments is presented separately on the Consolidated Statements of Operations. This provision considers the probability that unfunded commitments will fund, among other factors. There was a reversal of provision of $1.8 million for the year ended three months ended March 31, 2026, compared to a reversal of provision of $297 thousand for the year ended three months ended March 31, 2025, primarily due to a reduction in unfunded loan balances during the current period.

Refer to the discussion under "Critical Accounting Policies and Estimates" above and in "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements for an overview of the methodology management employs on a quarterly basis to assess the adequacy of the allowance and the provisions charged to expense. Also, refer to the table in the "Allowance for Credit Losses" section which reflects activity in the ACL.

Noninterest Income

Noninterest income includes service charges on deposits, gain/(loss) on sale of investment securities and loans, income from Bank-Owned Life Insurance ("BOLI") and other income. The table below summarizes the comparative noninterest income.

	For the Three Months Ended March 31,		Dollar	Percent
(dollars in thousands)	**2026**	**2025**	**Change**	**Change**
Service charges on deposits	$ 1,732	$ 1,743	$ (11)	(1)%
Gain (loss) on sale of loans	3,550	—	3,550	— %
Net gain (loss) on sale of investment securities	3	4	(1)	(25)%
Increase in the cash surrender value of bank-owned life insurance	5,679	4,282	1,397	33 %
Other income	1,744	2,178	(434)	(20)%
Total	$ 12,708	$ 8,207	$ 4,501	55 %

The increase in total noninterest income in the first quarter of 2026 as compared to the first quarter of 2025 was primarily due to higher gains on the sale of HFS loans and increases in the cash surrender value of BOLI.

Noninterest Expense

Total noninterest expense includes salaries and employee benefits, premises and equipment expenses, marketing and advertising, data processing, legal, accounting and professional fees, FDIC insurance assessments and other expenses. The table below summarizes the comparative noninterest expense.

	For the Three Months Ended March 31,		Dollar	Percent
(dollars in thousands)	**2026**	**2025**	**Change**	**Change**
Salaries and employee benefits	$ 23,247	$ 21,968	$ 1,279	6 %
Premises and equipment expenses	2,533	3,203	(670)	(21)%
Marketing and advertising	868	1,371	(503)	(37)%
Data processing	4,204	3,978	226	6 %
Legal, accounting and professional fees	4,312	3,122	1,190	38 %
FDIC insurance	7,009	8,962	(1,953)	(22)%
Other expenses	6,567	2,847	3,720	131 %
Total	$ 48,740	$ 45,451	$ 3,289	7 %

The increase in total noninterest expense for the first quarter of 2026 as compared to the first quarter of 2025 was primarily due to $2.9 million in valuation adjustment on the remaining HFS portfolio, which are reflected in other expenses in the table above.

The major components of other expenses include regulatory assessment fees, director compensation, real estate taxes, and insurance expenses. Additionally, when applicable, other expenses also include valuation adjustments and any disposition costs related to HFS loans.

As a percentage of average assets, total noninterest expense (annualized) was 1.79% for the first quarter of 2026 as compared to 1.52% in the first quarter of 2025.

Income Tax Expense

For the three months ended March 31, 2026, income tax expense was $1.3 million, compared to $772 thousand for the three months ended March 31, 2025. The increase in income tax expense was primarily due to an increase in the pre-tax income during the first quarter of 2026.

The effective tax rate for the three months ended March 31, 2026 was 8.35%. The effective tax rate represents the percentage of income tax expense against the pre-tax income in the three months ended March 31, 2026. The effective tax rate for the three months ended March 31, 2026 varies from the 21% statutory rate primarily due to the tax benefit from the low-income housing tax credit equity investment, tax-exempt interest income and tax-exempt income from the increase in the cash surrender value of BOLI.

Balance Sheet Analysis

Overview

This section discusses our condensed consolidated balance sheets and should be read together with our consolidated financial statements and the accompanying notes.

	As of		
	March 31, 2026	December 31, 2025	Change
Assets			
Cash and cash equivalents [1]	$ 579,359	$ 695,693	$ (116,334)
Investment securities [2]	1,771,587	1,831,550	(59,963)
Loans held for sale	55,702	90,650	(34,948)
Loans held for investment, at amortized cost	6,938,560	7,280,459	(341,899)
Less: Allowance for credit losses	(147,163)	(159,604)	12,441
Loans held for investment, net of allowance	6,791,397	7,120,855	(329,458)
Deferred income taxes	132,729	132,330	399
Bank-owned life insurance	339,844	335,177	4,667
Other assets [3]	283,663	290,948	(7,285)
Total Assets	$ 9,954,281	$ 10,497,203	$ (542,922)
Liabilities and Shareholders’ Equity			
Liabilities			
Deposits:			
Noninterest-bearing demand	$ 1,488,668	$ 1,433,952	$ 54,716
Interest-bearing transaction	978,330	1,038,154	(59,824)
Savings and money market	3,286,125	3,624,813	(338,688)
Time deposits	2,838,376	3,036,687	(198,311)
Total deposits	8,591,499	9,133,606	(542,107)
Borrowings	76,511	76,428	83
Other liabilities [4]	140,994	155,886	(14,892)
Total Liabilities	8,809,004	9,365,920	(556,916)
Shareholders’ Equity	1,145,277	1,131,283	13,994
Total Liabilities and Shareholders’ Equity	$ 9,954,281	$ 10,497,203	$ (542,922)

(1) Consists of cash and due from banks, interest-bearing deposits with banks, and other short-term investments.
(2) Consists of available-for-sale securities at fair value and held-to-maturity securities, net of allowance for credit losses.
(3) Consists of Federal Reserve and Federal Home Loan Bank stock, premises and equipment, right-of-use assets, other real estate owned, and other assets.
(4) Consists of operating lease liabilities, reserve for unfunded commitments and other liabilities.

See respective subsections below for the primary drivers of change and further discussion on loans, allowance for credit losses, other earning assets, deposits and other borrowings.

The decrease in total assets as of March 31, 2026 from December 31, 2025 was primarily due to lower cash balances and declines in securities and loans balances from sales, maturities and paydowns.

Investment securities, net of the allowance for credit losses, were $1.77 billion as of March 31, 2026 as compared to $1.83 billion as of December 31, 2025, a 3% decrease, primarily driven by maturities and paydowns on both AFS and HTM securities. Cash flows from the securities portfolio are expected to be managed flexibly, including selective paydowns of brokered funding, while allowing for limited and opportunistic reinvestment in the securities portfolio.

Loans held for investment ("HFI") decreased by $341.9 million (from $7.3 billion as of December 31, 2025 to $6.9 billion as of March 31, 2026) while HFS loans decreased by $34.9 million. Refer to the "Loan Portfolio", "Loan Maturity" and other loans-related sections below for further discussion on loans.

Total shareholders’ equity as of March 31, 2026 was $1.15 billion as compared to $1.13 billion as of December 31, 2025, a 1% increase. The increase in shareholders’ equity was primarily due to net income of $14.7 million, offset by cash dividends of $0.3 million, and $0.9 million in other comprehensive loss. The ratio of common equity to total assets was 11.51% as of March 31, 2026 as compared to 10.78% as of December 31, 2025. Book value per share was $37.56 as of March 31, 2026, a 0.81% increase from $37.26 as of December 31, 2025.

In order to be considered well-capitalized, the Bank must have a common equity tier one capital ("CET1") risk based capital ratio of 6.5%, a Tier 1 risk-based ratio of 8.0%, a total risk-based capital ratio of 10.0% and a leverage ratio of 5.0%. The Company and the Bank exceeded all these requirements and satisfy the capital conservation buffer of 2.5% of CET1 capital as of March 31, 2026. Failure to maintain the required capital conservation buffer would limit the ability of the Company and the Bank to pay dividends, repurchase shares or pay discretionary bonuses.

The Company's capital ratios remain substantially in excess of regulatory minimums and buffer requirements. The total risk based capital ratio was 15.05% as of March 31, 2026, as compared to 14.33% as of December 31, 2025. The CET1 risk based capital ratio was 13.80% as of March 31, 2026, as compared to 13.07% as of December 31, 2025. The tier 1 risk based capital ratio was 13.80% as of March 31, 2026, as compared to 13.07% as of December 31, 2025. The tier 1 leverage ratio was 10.63% as of March 31, 2026, as compared to 9.72% as of December 31, 2025. Refer to "Capital Resources and Adequacy" section below for further discussion on our capital.

Loan Portfolio

In its lending activities, the Company seeks to develop and expand relationships with clients whose businesses and individual banking needs will grow with the Bank. We believe superior customer service, local decision making and accelerated turnaround time from application to closing are significant factors in growing the loan portfolio and meeting the lending needs in the markets served, while maintaining sound asset quality.

Loans held for investment were $6.9 billion as of March 31, 2026, as compared to $7.3 billion as of December 31, 2025, a decrease of $341.9 million or 4.7%. During the period ended March 31, 2026, certain loans, primarily income producing commercial real estate loans, were reclassified from HFI to HFS loans. This reclassification resulted in net charge-offs of $11.6 million in order to bring the loans to the lower of cost or fair value of $111.8 million at the time of transfer. During the first quarter of 2026, eight HFS loans were sold, resulting in a gain of $3.6 million. There were $55.7 million in loans held for sale as of March 31, 2026, compared to $90.7 million as of December 31, 2025.

The loan portfolio mix continues to evolve as the Bank has experienced a reduction in income producing commercial real estate loans and construction loans, offset by increases in commercial and owner-occupied commercial real estate loans. These shifts reflect our strategic focus on reshaping the portfolio toward relationship-driven commercial lending and asset classes aligned with our long-term risk-adjusted return objectives. We continue to see opportunities for growth in the commercial lending market and our processes for evaluating these opportunities are designed to ensure they are subject to reasonable underwriting standards, including appropriate cash flow necessary to support debt service. Following origination, we continue to monitor our borrowers' business plans and assess primary and alternative sources for loan repayment and, if necessary, obtain collateral or additional collateral to mitigate credit loss in the event of default.

The Bank has a large portion of its loan portfolio related to real estate, with 78% consisting of commercial real estate and real estate construction loans as of March 31, 2026. Non-owner occupied commercial real estate and commercial and residential construction represented 53% of the loan portfolio while the remaining 25% is represented by the "owner occupied - commercial real estate" and "construction - C&I (owner occupied)" loans.

The table below presents loans, net of amortized deferred fees and costs by major category.

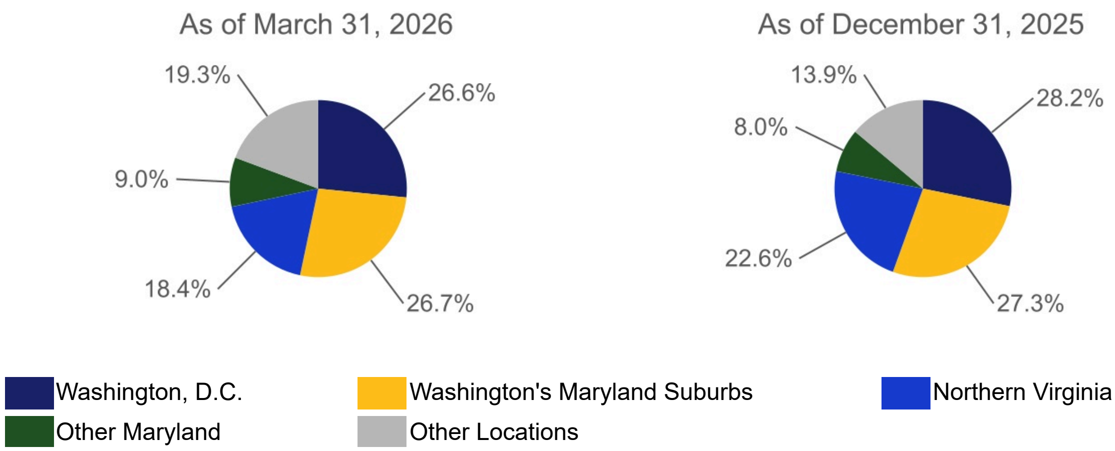
	As of			
	March 31, 2026		December 31, 2025	
(dollars in thousands)	Amount	%	Amount	%
Commercial	$ 1,432,933	21 %	$ 1,338,486	18 %
Income producing - commercial real estate	3,030,004	44 %	3,350,718	46 %
Owner occupied - commercial real estate	1,686,210	23 %	1,602,124	22 %
Real estate mortgage - residential	35,743	1 %	37,100	1 %
Construction - commercial and residential	617,992	9 %	795,400	11 %
Construction - C&I (owner occupied)	87,666	1 %	108,468	1 %
Home equity	44,948	1 %	47,448	1 %
Other consumer	3,064	— %	715	— %
Total loans	6,938,560	100 %	7,280,459	100 %
Less: allowance for credit losses	(147,163)		(159,604)	
Loans, net[1]	$ 6,791,397		$ 7,120,855	

(1) Excludes accrued interest receivable of $33.3 million and $35.9 million as of March 31, 2026 and December 31, 2025, respectively, which is recorded in other assets.

As noted above, a significant portion of the loan portfolio consists of commercial, construction and commercial real estate loans, primarily in the Washington, D.C. metropolitan area and is secured by real estate or other collateral in that market. While our basic market is the Washington, D.C. metropolitan area, the Bank has made loans outside that market where the borrower or its key decision makers have a meaningful relationship with the Bank and generally operate in or are based in our market. Although all of these loans are made to a diversified pool of unrelated borrowers across numerous businesses, adverse developments in the real estate market could continue to have an adverse impact on this portfolio of loans and the Company's earnings and financial position. Management believes that the commercial real estate concentration risk is mitigated by diversification among the types and characteristics of real estate collateral properties, sound underwriting practices and ongoing portfolio monitoring and market analysis.

The Company's concentration in the Washington, D.C. metro area includes "Washington's Maryland Suburbs," which comprises Frederick, Prince George's and Montgomery counties, and "Northern Virginia," which comprises Alexandria, Arlington, Falls Church, Fairfax, Loudoun and Prince William counties.

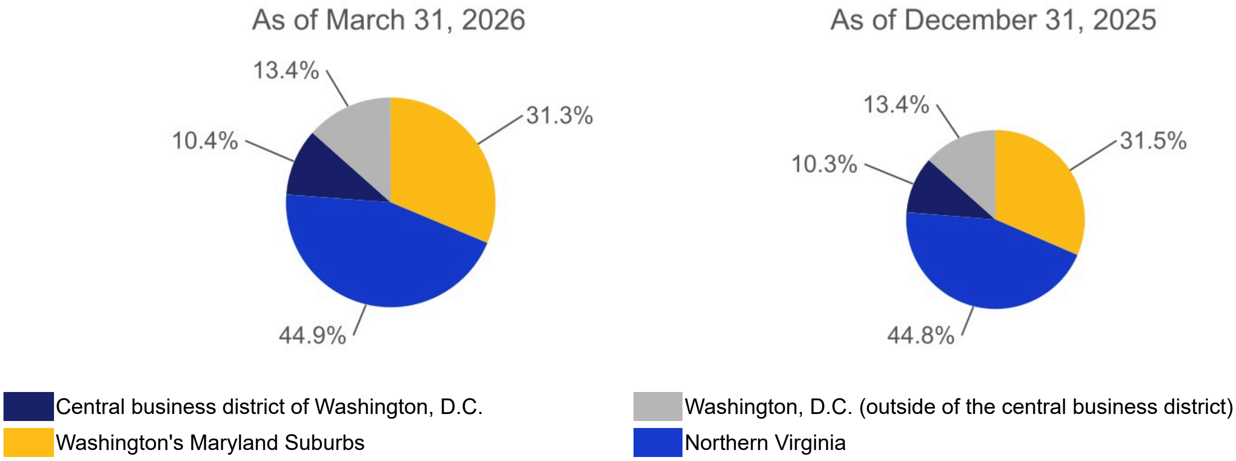
The chart below displays our loan portfolio, as a percentage of total amortized cost, by geographic concentration.



As part of its lending strategy, the Company maintains a substantial portfolio of CRE loans, with $5.3 billion and $5.7 billion, or 76.3% and 78.3% of total loans, of amortized cost outstanding as of March 31, 2026 and December 31, 2025, respectively. Management meets regularly in order to monitor its existing CRE loan portfolio and to evaluate the pipeline for CRE loan investment. Income producing CRE loans collateralized by office properties comprised approximately $573.5 million and $576.1 million, or 8.3% and 7.9% of total loans, as of March 31, 2026 and December 31, 2025, respectively.

Office loans within Washington, D.C., Washington's Maryland Suburbs and Northern Virginia were $543.5 million and $545.8 million, or 7.8% and 7.5% of total loans, as of March 31, 2026 and December 31, 2025, respectively.

The chart below displays the geographic concentration of income producing - CRE office loans in our loan portfolio, as percentage of total principal balance.



The table below summarizes the Company's income producing - commercial real estate loans, at principal balance, by collateral location and type.

	As of March 31, 2026							
		Maryland		Virginia				
(dollars in thousands)	Washington, D.C.	Washington, D.C. Suburbs	Other	Northern Virginia	Other	Other	Total	Percent of Total
Collateral Type:								
Hotel & motel	$ 134,324	$ 70,144	$ 90,508	$ 95,525	$ —	$ 20,558	$ 411,059	14 %
Industrial	842	64,141	39,361	31,965	10,373	—	146,682	5 %
Mixed use	100,166	43,209	3,000	6,697	20,618	4,858	178,548	6 %
Multifamily	344,287	94,113	300	140,191	135,069	48,017	761,977	25 %
Office	136,659	175,631	4,498	231,955	25,588	—	574,331	19 %
Retail	61,143	60,031	54,629	42,817	47,155	2,455	268,230	9 %
Single / 1-4 Family & Res. Condo	56,724	2,001	1,845	5,665	6,293	3,978	76,506	2 %
Other [(1)]	199,559	168,437	12,107	206,811	5,425	25,353	617,692	20 %
Total	$ 1,033,704	$ 677,707	$ 206,248	$ 761,626	$ 250,521	$ 105,219	$ 3,035,025	100 %
Percent of total	34%	22%	7%	25%	8%	4%	100%	
Percent of Principal by Loan Size:								
Less than $1 million	2 %	2 %	2 %	3 %	1 %	2 %		
$1 million to $5 million	11 %	12 %	18 %	8 %	5 %	16 %		
$5 million to $10 million	6 %	9 %	17 %	6 %	10 %	35 %		
$10 million to $25 million	18 %	12 %	28 %	36 %	31 %	12 %		
$25 million to $50 million	41 %	32 %	35 %	37 %	31 %	35 %		
Greater than $50 million	22 %	33 %	— %	10 %	22 %	— %		
Total	100 %	100 %	100 %	100 %	100 %	100 %		

(1) Primarily includes commercial real estate loans with land, storage, and healthcare collateral.

As of March 31, 2026 and December 31, 2025, $94.8 million and $107.9 million, respectively, of principal of CRE loans collateralized by office properties were criticized or classified.

The table below displays income producing - commercial real estate loans, at principal, that are criticized or classified by collateral type.

	As of					
	March 31, 2026			December 31, 2025		
(dollars in thousands)	Special Mention	Substandard	Total	Special Mention	Substandard	Total
Hotel & motel	$ —	$ 46,373	$ 46,373	$ 6,275	$ —	$ 6,275
Industrial	—	—	—	2,697	—	2,697
Mixed use	—	15,101	15,101	50,299	69,797	120,096
Multifamily	43,043	132,015	175,058	43,201	132,419	175,620
Office	10,844	83,980	94,824	23,705	84,185	107,890
Retail	—	12,973	12,973	—	12,424	12,424
Single / 1-4 Family & Res. Condo	—	4,537	4,537	—	5,747	5,747
Other	59,826	48,453	108,279	59,838	69,119	128,957
Total	$ 113,713	$ 343,432	$ 457,145	$ 186,015	$ 373,691	$ 559,706

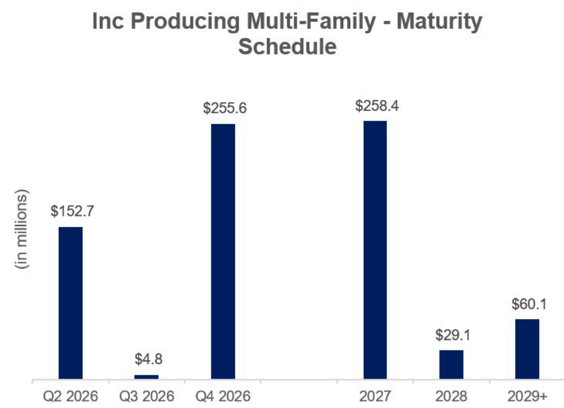
The Company has executed balance sheet optimization actions to reduce commercial real estate loan concentration, including actions to reduce exposure to short- and intermediate-term valuation risk in the office portfolio. These steps reflect our strategic focus on improving portfolio resilience and risk-adjusted returns. While we remain disciplined in evaluating additional opportunities to further address concentration and valuation risk, future decisions or actions, if made or taken, could continue to result in elevated credit costs and may materially impact our results in the periods in which such decisions or actions are made or executed. There can be no assurance that any additional initiatives will be undertaken or, if pursued or undertaken, will achieve their intended results.

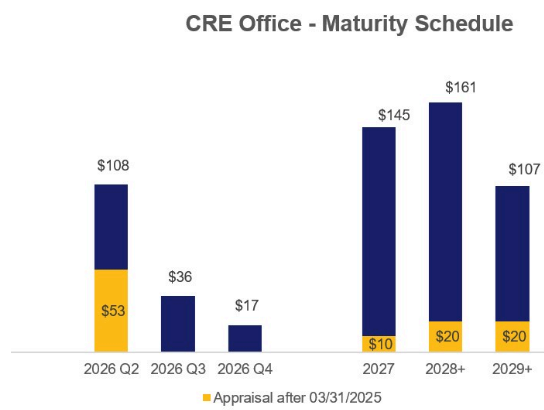
Loan Maturity

The table below sets forth the time to contractual maturity of the loan portfolio. Loans are shown in the period based on final contractual maturity. Demand loans, having no contractual maturity, and overdrafts are reported as due in one year or less.

	As of March 31, 2026				
(dollars in thousands)	Total	One Year or Less	Over One Year to Five Years	Over Five Years to Fifteen Years	Over Fifteen Years
Commercial	$ 1,432,933	$ 400,722	$ 861,351	$ 150,231	$ 20,629
Income producing - commercial real estate [(1)]	3,030,004	1,682,375	1,175,354	172,275	—
Owner occupied - commercial real estate	1,686,210	103,360	814,306	468,360	300,184
Real estate mortgage - residential	35,743	10,260	17,554	746	7,183
Construction - commercial and residential	617,992	535,519	82,473	—	—
Construction - C&I (owner occupied)	87,666	2,816	19,924	9,086	55,840
Home equity	44,948	1,475	89	2,324	41,060
Other consumer	3,064	808	135	15	2,106
Total loans	$ 6,938,560	$ 2,737,335	$ 2,971,186	$ 803,037	$ 427,002
Loans with:					
Predetermined fixed interest rate	$ 2,182,501	$ 678,870	$ 1,140,086	$ 291,039	$ 72,506
Floating or adjustable interest rate	4,756,059	2,058,465	1,831,100	511,998	354,496
Total loans	$ 6,938,560	$ 2,737,335	$ 2,971,186	$ 803,037	$ 427,002

(1) Income producing CRE office loans with total principal of $574.3 million and multifamily loans with total principal of $762.0 million as of March 31, 2026 are included within income producing - commercial real estate. The charts below represent their maturities schedules.





Allowance for Credit Losses

The ACL is an estimate based on many factors which reflect management’s assessment of the risk in the loan portfolio. Those factors include economic conditions and trends, the value and adequacy of collateral, volume and mix of the portfolio, performance of the portfolio and internal loan processes of the Company and Bank. A full discussion of the accounting for ACL is contained in "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements and activity in the ACL is contained in "Note 4 – Loans and Allowance for Credit Losses" to the Consolidated Financial Statements. Also, refer to "Critical Accounting Policies and Estimates" above for further discussion of the methodology which management employs to maintain an adequate ACL, as well as "Provision for Credit Losses" above for a discussion of the Company's calculation of the provision for credit losses during the three months ended March 31, 2026 and 2025.

The ACL for loans as of March 31, 2026 was $147.2 million, which reflected a decrease of $12.4 million from $159.6 million as of December 31, 2025. The ACL represented 2.12% of total loans as of March 31, 2026 as compared to 2.19% as of December 31, 2025.

Management believes the ACL as of March 31, 2026 remains adequate to absorb estimated losses inherent in the portfolio following the loss recognition on high-risk loans concentrated in the commercial real estate office segment. The losses recognized in the first quarter of 2026 were primarily due to transfer of certain loans to HFS and the incorporation of new information about borrower performance. As of March 31, 2026, the allowance represented 114% of nonperforming loans as compared to 149% as of December 31, 2025. The decrease in the ACL for loans at March 31, 2026 compared to December 31, 2025, was primarily due to a decrease in the office overlay and charge-offs of previously reserved amounts, partially offset by updated assumptions in the CECL model calculation.

As part of its comprehensive loan review process, the Bank’s Risk Committee evaluates loans which are past due 30 days or more. The Committee makes an assessment of the conditions and circumstances surrounding delinquent and potential problem loans. The Bank’s loan policy requires that loans be placed on nonaccrual if they are 90 days past due or if their collection is deemed to be doubtful, unless they are well secured and in the process of collection. The Credit Administration department analyzes the status of development and construction projects, including sales activities and utilization of interest reserves in order to assess potential increased levels of risk which may require additional reserves.

As of March 31, 2026 and December 31, 2025, the Company had $128.8 million and $106.9 million, respectively, of loans classified as nonperforming. Please refer to the "Nonperforming Assets" section for a discussion of problem and potential problem assets. Refer to "Note 1 – Summary of Significant Accounting Policies" to the Consolidated Financial Statements under the caption "Loans" for a discussion of the Company’s policy regarding individual evaluation of loans to record a provision for expected credit losses.

As of March 31, 2026 and December 31, 2025, loans rated special mention had an amortized cost of $290.8 million and $268.9 million, respectively, and loans rated substandard had an amortized cost of $447.6 million and $514.5 million, respectively. The decrease in substandard loans was primarily attributable to transfer of certain loans to HFS, as previously discussed.

As of March 31, 2026, 99% and 69% of special mention and substandard loans, respectively, were current, with the remainder either 30 or more days past due or nonperforming. Based upon their status as potential problem loans, loans risk rated special mention or substandard receive heightened scrutiny. Additionally, the Company's credit loss allowance methodology incorporates increased reserve factors for office loans considered potential problem loans as compared to the general portfolio.

Management recognizes the risks inherent in the CRE portfolio and remains focused on maintaining disciplined portfolio management and a robust risk rating process. The Bank has implemented enhanced analytical procedures for evaluating credit requests, refined its risk rating framework, and strengthened ongoing monitoring of the loan portfolio and the adequacy of the ACL, particularly for CRE and construction loans, including those secured by office properties. These efforts include the use of stress testing analyses. Additionally, fair value assessments of loans acquired are included in our analytical procedures. The loan portfolio analysis process is ongoing and proactive to support the Company's objective of maintaining a portfolio of quality credits and quickly identifying weaknesses before they become more severe.

The table below presents activity in the allowance for credit losses.

	For the Three Months Ended March 31,	
(dollars in thousands)	**2026**	**2025**
Balance at beginning of period	$ 159,604	$ 114,390
Charge-offs:		
Commercial	(11,533)	(270)
Income producing - commercial real estate	(11,557)	(6,170)
Owner occupied - commercial real estate	(2,926)	(4,862)
Real estate mortgage - residential	(80)	—
Other consumer	—	(4)
Total charge-offs	(26,096)	(11,306)
Recoveries:		
Commercial	87	53
Income producing - commercial real estate	38	—
Owner occupied - commercial real estate	24	23
Total recoveries	149	76
Net charge-offs	(25,947)	(11,230)
Provision for credit losses - loans	13,506	26,309
Balance at end of period	$ 147,163	$ 129,469
Annualized ratio of net charge-offs to average loans outstanding during the period	1.47 %	0.57 %

The allocation of the allowance as of March 31, 2026 includes the allowance for credit losses of $38.4 million against individually assessed loans of $128.8 million, as compared to allowance for credit losses of $19.6 million against individually assessed loans of $106.9 million as of December 31, 2025. In addition, the Company's performing office coverage ratio, which calculates the ACL attributable to loans collateralized by performing office properties as a percentage of total loans, was 7.39% and 12.89% as of March 31, 2026 and December 31, 2025, respectively. The allocation of the allowance to each category is not necessarily indicative of future losses or charge-offs and does not restrict the usage of the allowance to absorb losses in any category. The Company has updated its allocation methodology to better reflect the ACL attributable to loan categories and collateral types. Conforming changes have been made to prior period amounts. These reclassifications had no effect on net income (loss) or shareholders' equity.

The table below displays the allocation of the ACL by loan category and the percentage of allowance in each category.

	As of					
	March 31, 2026			December 31, 2025		
(dollars in thousands)	Amount	% of Total ACL	% of Total Loans	Amount	% of Total ACL	% of Total Loans
Commercial	$ 26,291	18 %	21 %	$ 26,607	17 %	18 %
Income producing - commercial real estate	88,169	60 %	44 %	98,707	62 %	46 %
Owner occupied - commercial real estate	17,997	12 %	23 %	20,719	13 %	22 %
Real estate mortgage - residential	315	— %	1 %	339	— %	1 %
Construction - commercial and residential	12,603	9 %	9 %	11,171	7 %	11 %
Construction - C&I (owner occupied)	1,124	1 %	1 %	1,515	1 %	1 %
Home equity	631	— %	1 %	519	— %	1 %
Other consumer	33	— %	— %	27	— %	— %
Total	$ 147,163	100 %	100 %	$ 159,604	100 %	100 %

The table below displays the allocation of the ACL specific to income producing - commercial real estate loans by collateral type.

	As of			
	March 31, 2026		December 31, 2025	
(dollars in thousands)	Amount	Percentage	Amount	Percentage
Hotel & motel	$ 5,858	7 %	$ 3,934	4 %
Industrial	1,840	2 %	1,359	1 %
Mixed use	2,223	3 %	2,627	3 %
Multifamily	7,457	8 %	7,468	8 %
Office	57,702	65 %	71,364	72 %
Retail	4,398	5 %	2,791	3 %
Single / 1-4 Family & Res. Condo	807	1 %	885	1 %
Other	7,884	9 %	8,279	8 %
Total ACL - Income producing - commercial real estate loans	$ 88,169	100 %	$ 98,707	100 %

Nonperforming Assets

The Company's nonperforming assets are comprised of the amortized cost of nonaccrual HFI loans, which includes the nonperforming portion of loan modifications, and the carrying value of other real estate owned ("OREO"). Nonperforming assets totaled $130.8 million as of March 31, 2026, representing 1.31% of total assets, as compared to $109.0 million as of December 31, 2025, representing 1.04% of total assets. The increase was primarily due to the migration of one previously substandard-rated CRE office relationship to nonaccrual status during the quarter, along with other credit facilities in the C&I and construction - commercial & residential categories, partly offset by charge offs of nonaccrual loans as well as by loans transferred to HFS. As of March 31, 2026, nonaccrual HFS loans totaling $55.2 million were excluded from nonperforming assets since they are carried at the lower of cost or fair value and are not reflected in credit metrics.

Total nonperforming loans had an amortized cost of $128.8 million as of March 31, 2026, representing 1.86% of total loans, compared to $106.9 million as of December 31, 2025, representing 1.47% of total loans. The Company had no accruing loans that were 90 days or more past due as of March 31, 2026 and December 31, 2025. Management prioritizes remaining attentive to early signs of deterioration in borrowers' financial conditions and to taking action designed to mitigate risk. The Company places loans on nonaccrual status if it deems collection to be doubtful.

Under the CECL standard, loans that no longer share similar risk characteristics with their assigned segment—due to credit deterioration, increased collateral dependency, or other factors—are evaluated on an individual basis. The Company individually assesses all nonaccrual loans and may also individually evaluate other loans or groups of loans when it is probable that not all contractual amounts will be collected. Expected credit losses on individually assessed loans are measured using either the fair value of collateral or discounted cash flow methods. For collateral-dependent loans, including those for which foreclosure is probable or repayment is expected substantially through the sale or operation of the collateral, the ACL is based on the difference between the asset’s amortized cost basis and the net realizable value of the collateral, adjusted for estimated selling costs, commissions, senior liens, and other factors; the ACL may be zero when collateral value exceeds amortized cost. For loans that are not collateral dependent but have experienced structural concessions and are expected to continue making payments, expected credit losses are measured using discounted cash flows over the expected life of the loan at the original contractual interest rate, with adjustments for default risk. Based on management’s analysis of portfolio risk, the Company believes its ACL, which totaled 2.12% of total loans as of March 31, 2026, is adequate to absorb expected credit losses at that date.

Generally, collateral valuations associated with individually assessed loans are updated on not less than an annual basis. As part of our credit risk management process, we periodically reassess the value of collateral supporting commercial real estate loans, particularly in periods of market volatility. Normally, we obtain updated valuations when borrower performance suggests that repayment may become dependent on the underlying real estate and we determine that existing collateral values may not reflect current market conditions. This approach focuses on loans where cash flow coverage has deteriorated and where guarantor support appears uncertain or insufficient. In some cases when a loan is downgraded late in a quarter, a new valuation may not be obtained until the following quarter.

In evaluating whether a new valuation is warranted, we consider a range of factors, including trends in local property markets, changes in capitalization rates and lease terms, the availability and terms of financing for comparable properties, and observable shifts in supply-demand dynamics. We also assess property-specific factors such as deferred maintenance or improvements, zoning or regulatory changes, environmental matters, and other conditions that may materially influence value. Passage of time alone does not drive our valuation decisions; rather, we apply a judgment-based framework informed by current market data and asset-specific analysis.

The objectives of this process are to have our collateral estimates reflect current market conditions and to support timely and appropriate credit loss recognition as conditions evolve.

The Company evaluates all loan modifications according to the accounting guidance to determine if the modification results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulties that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications. Modifications with terms not as favorable to the Company as the terms for comparable loans to other customers with similar collection risk who are not refinancing or restructuring a loan with the Company and which have a direct impact on cash flows are considered modified loans to borrowers experiencing financial difficulty. A loan that is considered a modified loan may be evaluated for disclosure if the commitment is $500 thousand or greater. Management strives to identify borrowers in financial difficulty early and may work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status, foreclosure or repossession of the collateral to minimize economic loss to the Company.

Commercial and consumer loans modified are closely monitored for delinquency as an early indicator of possible future default. If loans modified in a loan restructuring subsequently default, the Company evaluates the loan for possible further impairment. The allowance may be increased, adjustments may be made in the allocation of the allowance, or partial charge-offs may be taken to further write-down the carrying value of the loan.

During the three months ended March 31, 2026, the Bank modified 9 loans with a total amortized cost of $82.2 million as of March 31, 2026 (1.2% of the loan portfolio). These loans received extended loan terms of between approximately 3 to 24 months.

As of March 31, 2026, the payment status of 28 loans that were modified in the preceding twelve months, included 21 loans with a total amortized cost basis $189.6 million which were performing under their modified terms, 2 loan with a total amortized cost basis of $7.2 million which was 30-89 days past due and 5 loans with a total amortized cost basis of $18.8 million which were on nonaccrual status.

Management, from time-to-time and in the ordinary course of business, implements renewals, modifications, extensions and/or changes in terms of loans to borrowers who have the ability to repay on reasonable market-based terms and are not experiencing financial difficulty. For example: (1) adverse weather conditions may create a short term cash flow issue for an otherwise profitable retail business which suggests a temporary interest only period on an amortizing loan; (2) there may be delays in absorption on a real estate project which reasonably suggests extension of the loan maturity at market terms; or (3) there may be maturing loans to borrowers with demonstrated repayment ability who are not in a position at the time of maturity to obtain alternate long-term financing.

Included in nonperforming assets as of March 31, 2026 was OREO of $2.1 million, consisting of three foreclosed properties, which was unchanged compared to OREO of $2.1 million, consisting of three foreclosed properties as of December 31, 2025. OREO properties are carried at the lower of cost or at fair value less estimated costs to sell.

It is the Company's policy to generally obtain third party appraisals prior to foreclosure and to obtain updated third party appraisals on OREO properties generally not less frequently than annually. Generally, the Company obtains updated appraisals or evaluations where it has reason to believe, based upon market indications (such as comparable sales, a scenario in which the Company is considering legitimate offers below carrying value, broker indications and similar factors), that the current appraisal does not accurately reflect current value. There were zero OREO sales in the first quarter of 2026 and two in the first quarter of 2025, generating proceeds of zero and $772 thousand, respectively.

The table below presents the amounts of nonperforming assets, including loans at amortized cost and OREO at the lower of cost or fair value less estimated costs to sell.

	As of	
(dollars in thousands)	**March 31, 2026**	**December 31, 2025**
Nonaccrual Loans:		
Commercial	$ 18,054	$ 18,099
Income producing - commercial real estate	76,661	62,537
Owner occupied - commercial real estate	5,050	7,937
Real estate mortgage - residential	464	579
Construction - commercial and residential	28,016	17,394
Home equity	516	351
Total nonperforming loans[1]	128,761	106,897
Other real estate owned	2,059	2,059
Total nonperforming assets	$ 130,820	$ 108,956
Coverage ratio: allowance for credit losses to total nonperforming loans	114 %	149 %
Ratio of nonperforming loans to total loans	1.86 %	1.47 %
Ratio of nonperforming assets to total assets	1.31 %	1.04 %

(1) Excludes nonaccrual HFS loans totaling $55.2 million and $90.7 million as of March 31, 2026 and December 31, 2025, respectively.

Significant variation in the amount of nonperforming loans may occur from period to period because the amount of nonperforming loans depends largely on the condition of a relatively small number of individual credits and borrowers relative to the total loan portfolio.

Other Earning Assets

As part of its employee benefits and financing strategies, the Company has invested in BOLI policies. BOLI serves as a tax-efficient asset designed to offset the cost of employee benefit obligations. The Company views BOLI as a long-term investment to help fund future benefit expenses.

As of March 31, 2026, the cash surrender value of BOLI totaled $339.8 million, compared to $335.2 million as of December 31, 2025. The increase reflects net earnings on the BOLI policies during 2026.

Deposits and Other Borrowings

The principal sources of funds for the Bank are core deposits, consisting of demand deposits, money market accounts, Negotiable Order of Withdrawal ("NOW") accounts, savings accounts, and certificates of deposits. The deposit base includes transaction accounts, time and savings accounts and accounts which customers use for cash management which provide the Bank with a source of fee income and cross-marketing opportunities, as well as an attractive source of lower cost funds. To meet funding needs during periods of high loan demand and seasonal variations in core deposits, the Bank utilizes alternative funding sources such as brokered deposits, secured borrowings from the FHLB, and federal funds purchased lines of credit from correspondent banks.

The table below presents the Bank’s deposit composition by balance and percentage.

	As of			
	March 31, 2026		December 31, 2025	
(dollars in thousands)	Balance	Percentage	Balance	Percentage
Noninterest-bearing demand	$ 1,488,668	17 %	$ 1,433,952	16 %
Interest-bearing transaction	978,330	12 %	1,038,154	11 %
Savings and money market	3,286,125	38 %	3,624,813	40 %
Time deposits	2,838,376	33 %	3,036,687	33 %
Total	$ 8,591,499	100 %	$ 9,133,606	100 %

For the three months ended March 31, 2026, deposits decreased primarily due to a shift in funding mix and change in deposit composition which resulted in lower balances in savings and money market accounts and brokered time deposits.

No single depositor represented more than 10% of total deposits as of March 31, 2026. The ten largest depositors not associated with brokered pass-through relationships represented approximately 17% of total deposits as of March 31, 2026. The Company maintains a significant deposit relationship with a third-party payments processor, whose business results in deposit inflows and outflows on an ongoing basis, which contributes to variations in period end balances compared to average deposit balances.

The Bank offers brokered time deposits generally in denominations of less than $250 thousand from brokerage networks. The Bank participates in CDARS and the ICS programs within IntraFi Network, LLC ("IntraFi"), which provide for reciprocal ("two-way") transactions among banks to maximize FDIC insurance. ICS also allows for the sale of deposits into the IntraFi Network ("One-Way Sale") which provides FDIC insurance for the depositor without reciprocal deposits returned to the Bank. Deposits sold through the IntraFi One-Way Sale process are not included in the Bank’s deposit totals. The sale of ICS deposits allows the Bank to moderate the fluctuation of deposit balances. As of March 31, 2026, the Bank sold de minimis deposits through the IntraFi One-Way Sale network. The total of reciprocal deposits as of March 31, 2026 was $1.6 billion (18% of total deposits) as compared to $1.7 billion (19% of total deposits) as of December 31, 2025. These sources are believed by the Company to represent a reliable and cost efficient alternative funding source for the Bank, but there can be no assurance that they will continue to be adequate or appropriate to meet our liquidity needs. The Bank also is able to receive one way CDARS deposits and participates in IntraFi’s Insured Network Deposit Program ("IND"). The Bank had $269.9 million and $385.7 million of IND brokered deposits as of March 31, 2026 and December 31, 2025, respectively. However, to the extent that the condition or reputation of the Company or Bank deteriorates, or to the extent that there are significant changes in market interest rates which the Company and Bank do not elect to match, or if aggregate funding available to banks changes due to changes in the marketplace, we may experience an outflow of brokered deposits or difficulty with obtaining them in the future. In that event, we would be required to obtain alternate sources for funding, which may increase our cost of funds and negatively impact our net interest margin.

We have used brokered deposits and intend to continue to use brokered deposits as one of our funding sources. As of March 31, 2026, total brokered deposits were $2.9 billion, or 34% of total deposits, compared to $3.3 billion, or 36% as of December 31, 2025. These brokered deposits were comprised of savings, money market and other interest-bearing transaction accounts of $2.1 billion and $2.4 billion, and time deposits of $0.6 billion and $0.8 billion as of March 31, 2026 and December 31, 2025, respectively. The Company uses the Call Report definitions for regulatory reporting by the Bank to classify its deposits as brokered deposits. As of March 31, 2026 and December 31, 2025, total deposits included estimated totals of $2.2 billion and $2.3 billion of uninsured deposits, which represented 26% and 25% of total deposits, respectively.

The Company had no outstanding balances under its federal funds lines of credit provided by correspondent banks (which are unsecured) as of March 31, 2026 and December 31, 2025.

The Company had no outstanding balances in FHLB advances as of March 31, 2026 and December 31, 2025. Outstanding FHLB advances are secured by collateral consisting of specifically pledged marketable investment securities, a blanket lien on qualifying loans in the Bank’s commercial mortgage, residential mortgage and home equity loan portfolios.

On September 30, 2024, the Company closed a private placement of its 10.00% senior unsecured debt totaling $77.7 million maturing on September 30, 2029 (the "2029 Senior Notes"). As of March 31, 2026 and 2025, the carrying value of these 2029 Senior Notes were $76.5 million and $76.4 million, respectively, which reflected $1.15 million and $1.24 million, respectively, in unamortized deferred financing costs that are being amortized over the life of the 2029 Senior Notes.

Commitments and Contractual Obligations

The table below displays the loan commitments outstanding and lines and letters of credit.

	As of	
(dollars in thousands)	**March 31, 2026**	**December 31, 2025**
Unfunded loan commitments	$ 1,460,405	$ 1,482,325
Unfunded lines of credit	80,007	79,232
Letters of credit	61,867	61,319
Total	$ 1,602,279	$ 1,622,876

Various commitments to extend credit are made in the normal course of banking business. Letters of credit are also issued for the benefit of customers. These commitments are subject to loan underwriting standards and geographic boundaries consistent with the Company’s loans outstanding.

Unfunded loan commitments are agreements whereby the Bank has made a commitment to lend to a customer as long as there is satisfaction of the terms or conditions established in the contract and the borrower has accepted the commitment in writing. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee before the commitment period is extended. In many instances, borrowers are required to meet performance milestones in order to draw on a commitment as is the case in construction loans, or to have a required level of collateral in order to draw on a commitment as is the case in asset based lending credit facilities. As of March 31, 2026, there were no material unfunded loan commitments to borrowers whose existing loans were considered criticized and classified loans. Collateral obtained varies and may include certificates of deposit, accounts receivable, inventory, property and equipment, residential and CRE. Since commitments may expire without being drawn, the total commitment amount does not necessarily represent future cash requirements.

Unfunded lines of credit are agreements to lend to a customer as long as there is no violation of the terms or conditions established in the contract. Lines of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since lines of credit may expire without being drawn, the total unfunded line of credit amount does not necessarily represent future cash requirements.

Letters of credit include standby and commercial letters of credit. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance by the Bank's customer to a third party. Standby letters of credit generally become payable upon the failure of the customer to perform according to the terms of the underlying contract with the third party. Standby letters of credit are generally not drawn. Commercial letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn when the underlying transaction is consummated between the customer and a third party. The contractual amount of these letters of credit represents the maximum potential future payments guaranteed by the Bank. The Bank has recourse against the customer for any amount it is required to pay to a third party under a letter of credit, and holds cash and or other collateral on those standby letters of credit for which collateral is deemed necessary.

Liquidity Management

Liquidity is a measure of the Company’s and Bank’s ability to meet loan demand and to satisfy depositor withdrawal requirements in an orderly manner. The Bank’s primary sources of liquidity consist of cash and cash balances due from correspondent banks, excess reserves at the Federal Reserve, loan repayments and other short-term investments, maturities and sales of investment securities, income from operations and new core deposits into the Bank.

The Company believes it maintains sufficient primary and secondary sources of liquidity to fund its operations. As of March 31, 2026, primary sources of liquidity were $2.3 billion, comprising interest-bearing deposits with other banks and other short-term investments and unencumbered securities. Secondary sources of liquidity as of March 31, 2026 were $2.1 billion, which included the FHLB and FRB unused availability. Approximately $400 million of additional HTM securities were unencumbered during the first quarter. As of March 31, 2026, under the Company's liquidity formula, it had $4.34 billion of primary and secondary liquidity sources. Management believes the amount is adequate to meet current and projected funding needs.

The table below summarizes the Company's primary and secondary sources of liquidity available.

(dollars in thousands)	As of March 31, 2026	As of December 31, 2025
Primary sources of liquidity available:		
Cash and cash equivalents[1]	$ 579,359	$ 695,693
Unencumbered securities	1,673,598	1,289,474
Total primary sources of liquidity available	2,252,957	1,985,167
Secondary sources of liquidity available:		
FHLB secured borrowings[2]	899,817	1,349,351
FRB secured borrowings	1,184,055	1,373,872
Total secondary sources of liquidity available	2,083,872	2,723,223
Total liquidity available	$ 4,336,829	$ 4,708,390

(1) Consists of cash and due from banks, interest-bearing deposits with banks, and other short-term investments.
(2) Reduced by $23.0 million as of March 31, 2026 and $12.4 million as of December 31, 2025, respectively, due to the issuance of letters of credit.

As of March 31, 2026, the Bank was eligible to draw advances from the FHLB up to $0.9 billion based on assets pledged as collateral to the FHLB, against which the Bank borrowed none as of March 31, 2026.

The Bank may enter into repurchase agreements with broker-dealers provided adequate collateral exists. The Bank also has a back-up borrowing facility through the Discount Window at the Federal Reserve Bank of Richmond ("Federal Reserve Bank"). This facility, which can be used to borrow up to $1.2 billion, is collateralized with specific loan assets pledged to the Federal Reserve Bank. It is anticipated that, except for periodic testing, this facility would be utilized for contingency funding only. There can be no assurance, however, that these alternative sources of liquidity will continue to be available or will be sufficient to meet our ongoing liquidity needs.

The Bank's aggregate borrowing capacity as of March 31, 2026 was $3.8 billion, which consists of $0.9 billion borrowing capacity from FHLB, $1.2 billion borrowing capacity from the Federal Reserve's Discount Window as discussed above, and $1.7 billion of unencumbered securities available to pledge to the FHLB or Discount Window.

The loss of deposits, including through disintermediation, is one of the primary risks to liquidity. Disintermediation occurs most commonly when rates rise and depositors withdraw deposits seeking higher rates in alternative savings and investment sources than the Bank may offer. The Bank regularly compares deposit interest rates and makes adjustments from time to time to ensure its interest rate offerings are competitive.

There is a risk that the cost of funds will increase significantly as the Bank competes for deposits or that some deposits would be lost if rates were to increase and the Bank elected not to remain competitive with its deposit rates. Under those conditions, the Bank believes that it is well positioned to use other sources of funds such as FHLB borrowings, brokered deposits, repurchase agreements and federal funds lines of credit to offset a decline in deposits in the short run, but the use of such sources may negatively impact net interest margin and earnings. The continuing elevated cost of funding has negatively impacted our net interest margin.

There can be no assurance that the mix of sources of funds available to us at any particular time in the future will be adequate to meet our future liquidity needs. The market for customer and brokered deposits is highly competitive and the risk of disintermediation is high, particularly in a high interest rate environment. Most of our noninterest-bearing deposits are operating deposits or compensating balances that are held in connection with lending relationships. The potential outflow of such deposits is a risk and may require the Bank to pay competitive rates of interest, which could significantly and negatively impact the Bank’s interest expense and net interest margin. Over the long-term, an adjustment in assets and change in business emphasis could compensate for a potential loss of deposits. The Bank also maintains a marketable investment portfolio to provide flexibility in the event of liquidity needs. The Asset Liability Committee ("ALCO") has adopted policy guidelines, which emphasize the importance of core deposits, adequate asset liquidity and a contingency funding plan.

Capital Resources and Adequacy

The assessment of capital adequacy depends on a number of factors such as asset quality and mix, liquidity, earnings performance, changing competitive conditions and economic forces, stress testing, regulatory measures and policy, as well as the overall level of growth and complexity of the balance sheet. The adequacy of the Company’s current and future capital needs is monitored by management on an ongoing basis. Management seeks to maintain a capital structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses.

The federal banking regulators have issued guidance for those institutions, which are deemed to have concentrations in commercial real estate lending. Pursuant to the supervisory criteria contained in the guidance for identifying institutions with a potential commercial real estate concentration risk, institutions which have total reported loans for construction, land development and other land acquisitions which represent 100% or more of an institution’s total risk-based capital; or total commercial real estate loans representing 300% or more of the institution’s total risk-based capital; or the institution’s commercial real estate loan portfolio has increased 50% or more during the prior 36 months are identified as having potential commercial real estate concentration risk. Institutions which are deemed to have concentrations in commercial real estate lending are expected to employ heightened levels of risk management with respect to their commercial real estate portfolios and may be required to hold higher levels of capital. The Company, like many community banks, has commercial real estate loans. Although growth in that segment declined over the past 36 months and did not exceed the 50% threshold laid out in the regulatory guidance, we expect the heightened supervisory expectations to continue to apply to us given the federal banking regulators’ general focus on commercial real estate exposures at banks.

Construction, land and land development loans represented 75.7% of total capital as of March 31, 2026, which no longer exceeded the regulatory concentration threshold, compared to 92.1% as of December 31, 2025. As of March 31, 2026 the Company no longer exceeded the total commercial real estate loans threshold as it represented 295.1% of total capital compared to 336.6% as of December 31, 2025. Management has extensive experience in commercial real estate lending, and has implemented and continues to maintain heightened risk management procedures and strong underwriting criteria with respect to its commercial real estate portfolio.

Loan monitoring practices include but are not limited to periodic stress testing analysis to evaluate changes to cash flows, owing to interest rate increases and declines in net operating income. Nevertheless, as our commercial real estate concentration fluctuates each quarter, we may be required to maintain higher levels of capital, which could require us to obtain additional capital and may adversely affect shareholder returns. The Company seeks to manage the risks relating to commercial real estate and its capital adequacy through the development and implementation of its Capital Policy and Capital Plan, the preparation of pro-forma projections including stress testing and the development of internal minimum targets for regulatory capital ratios that are subject to approval by the Board and in excess of well capitalized ratios.

The Company and the Bank are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings and other factors and the regulators can lower classifications in certain cases. Failure to meet various capital requirements can initiate regulatory action that could have a direct material effect on the financial statements.

As of March 31, 2026, the capital position of the Company and its wholly owned subsidiary, the Bank, continue to exceed regulatory requirements and well-capitalized guidelines. The primary indicators relied on by bank regulators in measuring the capital position are four ratios as follows: Tier 1 risk-based capital ratio, Total risk-based capital ratio, the Leverage ratio and the CET1 ratio. Tier 1 capital consists of common and qualifying preferred shareholders’ equity less goodwill and other intangibles. Total risk-based capital consists of Tier 1 capital and the qualifying portion of the ACL. Risk-based capital ratios are calculated with reference to risk-weighted assets, which are prescribed by regulation. The measure of Tier 1 capital to average assets for the prior quarter is often referred to as the leverage ratio. The CET1 ratio is the Tier 1 capital ratio but excluding preferred stock.

The Prompt Corrective Action ("PCA") regulations provide five categories, including well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized; however, these terms are not used to represent overall financial condition. If a bank is adequately capitalized, regulatory approval is required to, among other things, accept, renew or roll-over brokered deposits. If a bank is undercapitalized, capital distributions and growth and expansion are limited, and plans for capital restoration are required. If a bank is not well-capitalized, interest rate restrictions paid on deposits may apply.

The FRB and the FDIC have adopted the Basel III Rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. Under the Basel III Rules, the Company and Bank are required to maintain a CET1 ratio of 4.5% and a capital conservation buffer of 2.5% of risk-weighted assets, effectively resulting in a minimum CET1 ratio of 7.0%; a minimum ratio of Tier 1 capital to risk-weighted assets of 6.0%, or 8.5% with the fully phased in capital conservation buffer; a minimum total capital to risk-weighted assets ratio of 10.5% with the fully phased-in capital conservation buffer; and a minimum leverage ratio of 4.0%. The Basel III Rules also increased risk weights for certain assets and off-balance-sheet exposures. As of March 31, 2026, the Company and the Bank exceeded all these thresholds.

The ability of the Company to continue to grow is dependent on its earnings and those of the Bank, the ability to obtain additional funds for contribution to the Bank's capital, through additional borrowings, through the sale of additional common stock or preferred stock or through the issuance of additional qualifying capital instruments, such as subordinated debt. The capital levels required to be maintained by the Company and Bank may be impacted as a result of the Bank's concentrations in commercial real estate loans.

The Company's capital ratios were all well in excess of requirements established by the Federal Reserve Board and the Bank's capital ratios were in excess of those required to be classified as a "well capitalized" institution under the PCA provisions of the Federal Deposit Insurance Act.

The table below presents the actual capital amounts and ratios for the Company and Bank.

	Company		Bank		Minimum Required For Capital Adequacy Purposes [1]	To Be Well Capitalized Under Prompt Corrective Action Regulations [2]
(dollars in thousands)	Actual Amount	Ratio	Actual Amount	Ratio		
			As of March 31, 2026			
CET1 capital (to risk weighted assets)	$ 1,179,308	13.80 %	$ 1,200,755	14.13 %	7.00 %	6.50 %
Total capital (to risk weighted assets)	1,286,702	15.05 %	1,307,512	15.39 %	10.50 %	10.00 %
Tier 1 capital (to risk weighted assets)	1,179,308	13.80 %	1,200,755	14.13 %	8.50 %	8.00 %
Tier 1 capital (to average assets)	1,179,308	10.63 %	1,200,755	10.87 %	4.00 %	5.00 %
			As of December 31, 2025			
CET1 capital (to risk weighted assets)	$ 1,170,352	13.07 %	$ 1,190,094	13.37 %	7.00 %	6.50 %
Total capital (to risk weighted assets)	1,282,913	14.33 %	1,302,018	14.63 %	10.50 %	10.00 %
Tier 1 capital (to risk weighted assets)	1,170,352	13.07 %	1,190,094	13.37 %	8.50 %	8.00 %
Tier 1 capital (to average assets)	1,170,352	9.72 %	1,190,094	9.92 %	4.00 %	5.00 %

(1) The risk-based ratios reflect the minimum requirement plus the capital conservation buffer of 2.50%.

(2) Applies to the Bank only.

Federal bank and holding company regulations, as well as Maryland law, impose certain restrictions on capital distributions, including dividend payments and share repurchases by the Bank, as well as restricting extensions of credit and transfers of assets between the Bank and the Company. The Company announced a regular quarterly cash dividend on April 22, 2026 of $0.01 per share to shareholders of record on May 4, 2026, paid on May 15, 2026. The quarterly cash dividend amount was reduced to $0.01 in the fourth quarter of 2025 to preserve capital as the Company addresses asset quality matters.

Asset/Liability Management and Quantitative and Qualitative Disclosures about Market Risk

A fundamental risk in banking is exposure to market risk, specifically interest rate risk, since a bank's earnings are largely dependent on net interest income. The Bank's ALCO formulates and monitors the management of interest rate risk through policies and guidelines established by it and overseen by the Audit Committee and the full Board of Directors and through review of detailed reports discussed quarterly. In its consideration of risk limits, the ALCO considers the impact on earnings and capital, the level and direction of interest rates, liquidity, local economic conditions, outside threats and other factors. Banking is generally a business of managing the maturity and repricing mismatch inherent in its asset and liability cash flows to provide stable net interest income growth consistent with the Company's profit objectives.

The Company, through its ALCO and ongoing financial management practices, monitors the interest rate environment in which it operates and adjusts the rates and maturities of its assets and liabilities to remain competitive and to achieve its overall financial objectives subject to established risk limits.

The loan portfolio decreased 4.7% during the first quarter of 2026. The re-pricing duration on the loan portfolio was 9 months as of March 31, 2026 and 9 months as of December 31, 2025, with fixed-rate loans amounting to 31.4% and 33.4% of total loans as of March 31, 2026 and December 31, 2025, respectively. Variable and adjustable rate loans comprised 68.6% and 66.6% of total loans as of March 31, 2026 and December 31, 2025, respectively. Variable rate loans are generally indexed to the Secured Overnight Funding Rate ("SOFR") or the Wall Street Journal prime interest rate, while adjustable rate loans are indexed primarily to the five year U.S. Treasury interest rate.

The table below presents the percentage mix of securities in the investment portfolio.

	As of	
	March 31, 2026	**December 31, 2025**
Mortgage-backed securities	69%	69%
U.S. agency securities	18%	18%
Municipal bonds	6%	6%
Corporate bonds	7%	7%
U.S. treasury bonds	—%	—%
Total	100%	100%
Duration of the investment portfolio (in years)	3.7	3.8

In the current and expected future interest rate environment, the Company has been maintaining its investment portfolio to manage the balance between yield and risk in its portfolio of MBS. Further, the Company has been principally collecting cash flows from the investment portfolio to reduce brokered deposits. As of March 31, 2026, the amortized cost less allowance of the investment portfolio decreased by $59.9 million, or 3.1%, as compared to the balance as of December 31, 2025.

The duration of the deposit portfolio decreased to 13 months as of March 31, 2026 from 22 months as of December 31, 2025. This decrease was attributable to a shift in deposit mix and modeling assumption updates. The Company experienced a total deposit decrease of $542.1 million for the quarter ended March 31, 2026 as compared to a total loan decrease of $341.9 million for the same period. Refer to the "Deposits and Other Borrowings" section above for further discussion of deposits and borrowings.

The net unrealized loss before income tax on the AFS securities portfolio was $78.5 million and $78.4 million as of March 31, 2026 and December 31, 2025, respectively. As of March 31, 2026, the net unrealized loss position represented 7.8% of the investment portfolio's book value.

Management relies on the use of models in order to measure the expected future impact on interest income of various interest rate environments, as described below. Through its modeling, the Company makes certain estimates that may vary from actual results. There can be no assurance that the Company will be able to successfully achieve its optimal asset liability mix, given competitive pressures, customer preferences and the inability to forecast future interest rates and movements with complete accuracy.

The Company employs a net interest income simulation model on a monthly basis to monitor its interest rate sensitivity and risk and to model its balance sheet cash flows and the effects in different interest rate scenarios. The model utilizes current balance sheet data and attributes and is adjusted for assumptions as to investment maturities including prepayments, loan prepayments, interest rates, and deposit decay rates. The data is then subjected to a "shock test" which assumes a simultaneous change in interest rates up and down 100, 200, 300 and 400 basis points, along the entire yield curve, but not below zero. The results are analyzed as to the impact on net interest income over the next twelve and twenty-four month periods and the economic value of equity. Further discussion of the limitations of this analysis are listed below and included in Risk Factors in the Company's 2025 10-K, and in other periodic and current reports filed by the Company with the SEC.

Our rate risk modeling showed minimal net interest margin expansion in an increased interest rate environment while showing moderate net interest margin compression in a declining interest rate environment. The model's prediction in a rising rate environment is the result of increases in both interest income on variable and adjustable rate loans and interest expense on its deposit liabilities, based on our funding needs, market conditions and certain contractual obligations but with no changes in the mix of assets or liabilities or the spreads we are able to earn. The opposite is true in a falling interest rate environment as decreases in both interest income on variable and adjustable rate loans and interest expense on deposit liabilities drive modest margin compression. The model also assumes a stable interest rate environment after the programmed changes in the yields, which assumes repricing of assets and liabilities as scheduled in a stable environment, which may be quite different than real world conditions.

For the analysis presented below, as of March 31, 2026, the change in interest rates on interest-bearing deposits was less than the change in market interest rates with a floor of 0 basis points. The Bank also has deposits with contractual rate terms that mean these deposits will change 100 basis points for every 100 basis points change in market rates. Thus, the overall change in rates on deposits versus change in market rates can be less than 100%.

Because competitive market behavior does not necessarily track the trend of interest rates but at times moves ahead of financial market influences, the change in the cost of liabilities may be different than anticipated by the interest rate risk model. If this were to occur, the effects of a rising or declining interest rate environment may not be in accordance with management's expectations.

As quantified in the table below, the Company's analysis as of March 31, 2026 shows the effect on net interest income over the next 12 months, as well as the effect on the economic value of equity when interest rates are shocked up and down 100, 200, 300 and 400 basis points. As of March 31, 2026, the repricing duration of (a) the investment portfolio was 3.7 years, (b) the loan portfolio 0.8 years, (c) the interest-bearing deposit portfolio was 0.8 years, and (d) the borrowed funds portfolio was 2.9 years.

The table below displays the result of the simulation analysis on the asset and liability balances.

	As of March 31, 2026			
	Net Interest Income		Economic Value of Equity	
Change in interest rates (basis points)	Percentage change in 12-month	Policy limits	Percentage change in 12-month	Policy limits
+400	13.4%	(25)%	(9.2)%	(32)%
+300	9.8%	(20)%	(8.2)%	(25)%
+200	6.4%	(15)%	(6.1)%	(20)%
+100	3.2%	(8)%	(2.7)%	(10)%
—	—%	—%	—%	—%
(100)	(2.8)%	(8)%	1.8%	(10)%
(200)	(5.9)%	(15)%	5.1%	(20)%
(300)	(8.8)%	(20)%	7.4%	(25)%
(400)	(11.8)%	(25)%	6.3%	(32)%

The decrease in 12-month net interest income of 2.8% given a 100 basis point decrease in market interest rates as of March 31, 2026 compared to a decrease of 0.7% for the same period in 2025. In contrast to 2025, primarily due to modeling enhancements and balance sheet composition changes, our analysis shows that we will experience a decrease in our economic value of equity and an increase in net interest income with an increase in interest rates. The changes in net interest income and the economic value of equity in higher, and lower, interest rate shock scenarios as of March 31, 2026 are not believed to be excessive and are within policy limits.

As part of the Company's ongoing enhancement of the simulation analysis, the Company has been making updates to its model to incorporate, among other things, improvements to certain assumptions, as well as assumptions related to deposits. The difference in the results of the simulation analysis between the first quarter of 2026 and the fourth quarter of 2025 is attributable to these model updates.

Certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain assets and liabilities may have similar maturities or repricing periods, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as adjustable-rate mortgage loans, have features that limit changes in interest rates on a short-term basis and over the life of the loan. Further, in the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from those assumed in calculating the tables. Finally, the ability of many borrowers to service their debt may decrease in the event of a significant interest rate increase.

While an instantaneous parallel shift in interest rates was used in this analysis to provide an estimate of exposure under these scenarios, we believe that a non-immediate parallel shifts in interest rates would have a more modest impact. Further, the earnings simulation model does not take into account factors such as future balance sheet growth, changes in product mix, changes in yield curve relationships, the various rate indexes do not move in parallel (e.g., SOFR, Fed Funds), hedging activities we might take and changing product spreads that could mitigate or exacerbate any potential beneficial or adverse impact of changes in interest rates.

Another key factor to consider is the behavior of our deposit portfolio. The projected impact on net interest income in the table above assumes no change in deposit portfolio size or mix from the baseline forecast in alternative rate environments. In higher rate scenarios, any customer activity resulting in the replacement of low-cost or noninterest-bearing deposits with higher cost deposits or market-based funding would reduce the assumed benefit of those deposits. The projected impact on net interest income in the table above also assumes a static non-maturity deposit beta which may not be an accurate predictor of actual deposit rate changes realized in scenarios of smaller and/or non-parallel interest rate movements.

Each of the above analyses may not, on its own, be an accurate indicator of how our net interest income or economic value of equity will be affected by current and future changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. In addition, certain assets, such as adjustable-rate mortgage loans, have features (generally referred to as interest rate caps and floors) that limit changes in interest rates. Prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the maturity of certain instruments. ALCO reviews each of the above interest rate sensitivity analyses along with several different interest rate scenarios as part of its responsibility to provide a satisfactory, consistent level of profitability within the framework of established liquidity, loan, investment, borrowing and capital policies.

Interest Rate and Balance Sheet Risk Management

Management actively monitors the Company’s exposure to interest rate risk arising from the composition and duration profile of its balance sheet. Our objective is to maintain a stable and predictable earnings and capital profile by mitigating the impact of interest-rate volatility on both net interest income and the economic value of equity. Consistent with this objective, the Company employs a macro balance sheet hedging program designed to manage interest rate risk at the portfolio level rather than through instrument-specific hedges.

In 2025, the Company reinitiated the use of derivative instruments to hedge macro interest rate risk. This decision reflects management’s reassessment of the Company’s asset-liability profile. Management determined that reestablishing a macro hedging program was prudent to mitigate potential variability in earnings and capital arising from interest-rate movements.

Hedging Strategy and Risk Management Framework

Our macro hedging approach incorporates derivatives — primarily interest rate swaps — to align the interest-rate sensitivity of assets and liabilities with the Company’s risk appetite. Macro hedging enables management to address exposures that evolve dynamically as new assets and liabilities are originated and existing positions mature, consistent with regulatory expectations that hedging strategies reflect material trends and uncertainties affecting future performance.

Under U.S. GAAP, the Company applies the hedge accounting framework under ASC 815, as amended by ASU 2017-12, which expands the range of permissible hedging strategies and enhances the alignment between accounting outcomes and risk management activities. The Company designates qualifying hedges where appropriate and evaluates hedge effectiveness in accordance with ASC 815’s criteria. Refer to "Note 6 – Derivatives and Hedging Activities" to the Consolidated Financial Statements for further discussion on the Company's derivative instruments and hedging activities.

Use of Non-GAAP Financial Measures

Management uses non-GAAP measures because they provide information to investors about the underlying operational performance and trends of the Company. These disclosures should not be considered in isolation or as a substitute for results determined in accordance with GAAP and are not necessarily comparable to non-GAAP performance measures which may be presented by other bank holding companies. Management compensates for these limitations by providing detailed reconciliations between GAAP information and the non-GAAP financial measures.

The table below reconciles the GAAP financial measures to the associated non-GAAP financial measures.

	For the Three Months Ended March 31,	
(dollars in thousands except per share data)	**2026**	**2025**
Pre-provision net revenue:		
Net interest income	$ 63,694	$ 65,649
Noninterest income	12,708	8,207
Total net revenue	76,402	73,856
Less: Noninterest expense	(48,740)	(45,451)
Pre-provision net revenue	$ 27,662	$ 28,405

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Please refer to Item 2 of this report, "Management's Discussion and Analysis of Financial Condition and Results of Operations", under the caption "Asset/Liability Management and Quantitative and Qualitative Disclosures about Market Risk".

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Company's management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated, as of the last day of the period covered by this report, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of March 31, 2026 were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required and that it is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) that occurred during the first quarter of 2026 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to "Note 13 – Legal Contingencies" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on 2025 Form 10-K which could adversely affect our business, financial performance and results of operations. There have been no material changes to our risk factors from those risks included in our Annual Report on 2025 Form 10-K.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

10.1	Form of Continuity Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 16, 2026)
10.2	Form of Executive Officer Time Vested Restricted Stock Unit Continuity Award Agreement under the Eagle Bancorp, Inc. 2025 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 16, 2026)
10.3	Form of Executive Officer Performance Vested Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 25, 2026)
10.4	Form of Executive Officer Restricted Stock Unit Award Agreement (Time Vested) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 25, 2026)
10.5	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed on May 15, 2025)
10.6	Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-8 filed on May 15, 2025)
10.7	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-8 filed on May 15, 2025)
10.8	Form of Performance-Vesting Restricted Stock Units Award Agreement (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-8 filed on May 15, 2025)
10.9	Form of Restricted Stock Award Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-8 filed on May 15, 2025)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025 (ii) Consolidated Statements of Operations for the three months ended March 31, 2026 and 2025 (iii) Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2026 and 2025 (iv) Consolidated Statements of Changes in Shareholders' Equity for the three months ended March 31, 2026 and 2025 (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2026 and 2025 (vi) Notes to Consolidated Financial Statements
104	The cover page of this Quarterly Report on Form 10-Q, formatted in Inline XBRL

SIGNATURES

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

		EAGLE BANCORP, INC.
May 7, 2026	by:	/s/ Susan G. Riel
		Susan G. Riel, President and CEO
May 7, 2026	by:	/s/ Eric R. Newell
		Eric R. Newell, Senior Executive Vice President and Chief Financial Officer of the Company (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Susan G. Riel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 7, 2026

/s/ Susan G. Riel

President and Chief Executive Officer of the Company

Exhibit 31.2

CERTIFICATION

I, Eric R. Newell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

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

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

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

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 7, 2026	/s/ Eric R. Newell
	Senior Executive Vice President and Chief Financial Officer of the Company

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-Q of Eagle Bancorp, Inc. for the quarter ended March 31, 2026, I, Susan G. Riel, Chair, President and Chief Executive Officer of Eagle Bancorp, Inc., hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Eagle Bancorp, Inc.

/s/ Susan G. Riel

Susan G. Riel
President and Chief Executive Officer of the Company

May 7, 2026

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Form 10-Q of Eagle Bancorp, Inc. for the quarter ended March 31, 2026, I, Eric R. Newell, Senior Executive Vice President and Chief Financial Officer of Eagle Bancorp, Inc., hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Eagle Bancorp, Inc.

/s/ Eric R. Newell

Eric R. Newell
Senior Executive Vice President and Chief Financial Officer of the Company

May 7, 2026