

## Risk Factors Comparison 2025-03-04 to 2024-02-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text Section**

There are a number of risks and uncertainties, including those material risk factors described below, that could negatively affect our business, financial condition or, results of operations, liquidity and the trading price of our common stock. We are subject to various **To the extent that any of the information in this Form 10-K constitutes forward-looking statements, the risks-- risk factors** resulting from changing economic, environmental, political, industry, business, financial and regulatory conditions. The risks and uncertainties described below are **cautionary statements identifying important** what management believes are the material risk factors that could **cause actual results to differ** affect our business and operations, although they are not the only risks that may have a material **materially adverse effect from those expressed in any forward-looking statements made by us or on the Company our behalf**. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations- Forward- Looking Statements." Risks Related to Macroeconomic and Political Conditions **Adverse changes in Our business is sensitive to regional** business and economic conditions, in particular those of **Hawaii-Hawai'i**, Guam and other Pacific Islands, could lead to lower revenue, lower asset quality, and lower earnings. Our business and **earnings operations are primarily concentrated in** closely tied to the economies of **Hawaii-Hawai'i** and the Pacific Islands. **The local economic conditions in these market areas have a significant impact on the Company's ability to originate loans, the ability of the borrowers to repay these loans, and the value of the collateral securing these loans. A significant decline in the general business and economic conditions caused by declines in one or more key industries, inflation, recession, unemployment, U. S. tariffs on imported goods or retaliatory tariffs on U. S. goods, or other factors beyond the Company's control can affect, and has in the past affected, these local economic conditions**. These local economies rely heavily on tourism, the U. S. military, real estate, construction, government, and other service-based industries. Lower visitor arrivals or spending, **unemployment rates, occupancy rates,** real or threatened acts of war or terrorism, public unrest, increases in energy costs, inflation, **tariffs**, the availability of affordable air transportation, climate change, natural disasters and adverse weather, public health issues **including the COVID-19 pandemic,** and federal, State of **Hawaii-Hawai'i** and local government budget issues may impact consumer and corporate spending. **The level of domestic and international visitor arrivals and spending, housing prices, real estate values, and unemployment rates are some of the metrics that we regularly monitor. We are also continuing to monitor Maui's recovery from the August 2023 wildfire.** Additionally, financial markets may be adversely affected by the current or anticipated impact of military conflict, **including continuing military conflict between Israel and Hamas, Russia and Ukraine,** terrorism or other geopolitical events. **Deterioration of business** There has been significant improvement in tourism and general economic conditions, **particularly in Hawaii-Hawai'i** since **and** the beginning of the COVID-19 pandemic. However, in August 2023, wildfires broke out in West **Pacific,** Maui destroying the historic town of Lahaina as **has** well as structures and farmland in Upcountry Maui and North Kihei. Roughly 2, 200 structures were lost in the fire **past adversely affected**, 86% of which were homes. Although hotels have reopened, Maui's visitor industry will continue to be impacted in the coming years. Deterioration of economic conditions, locally, nationally, and **internationally in the future** could adversely affect the quality of our assets, credit losses, and the demand for our products and services, which could lead to lower revenues, higher expenses, and lower earnings. **Our loan portfolio is largely secured by real estate** The level of domestic and international visitor arrivals and spending, housing prices, and a downturn in the real estate market may adversely affect our results of operations. **Our loan portfolio is largely secured by real estate, with a particular concentration of real estate located in Hawai'i and the West Pacific. As of December 31, 2024, our residential mortgage loans represented \$ 4. 6 billion, or 32. 9 %, of our total loan and lease portfolio and our commercial mortgage loans represented approximately \$ 4. 0 billion, or 28. 6 %, of our total loan and lease portfolio. Payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them. Payments on loans secured by residential real estate often depends on the** ~~unemployment-- employment~~ rates are some of the **homeowner** metrics that we continually monitor. **Repayment** We also monitor the value of collateral, loans may be affected by factors **such as adverse conditions in the real estate market**, that secures **changes in business and economic conditions, changes in government regulation, or the impact of trends toward hybrid work. Decreases in tenant occupancy, rental rates and home sales in Hawai'i and the West Pacific can have, and in the past have had, a negative effect on the ability of borrowers to make timely repayments of the their** loans and the value we have made. The borrowing power of our customers could ~~the collateral, held as security for these loans,~~ thereby increasing the credit risk associated with the loan portfolio. **Declines in real estate value and sales volumes and higher unemployment in Hawai'i and the West Pacific may also be negatively impacted by result in higher than expected loan delinquencies and a decline in demand for our products and services. These negative events may cause us to incur losses and may adversely affect our capital, liquidity and financial condition. A sustained period of high inflation or the other value-high cost economic environment could pose a risk to local economies and the financial performance of collateral the Bank. A prolonged period of inflation or other period of high cost of goods such as a result of tariffs given that Hawai'i imports certain goods from Mexico, Canada and other countries that may become subject to tariffs,** may impact our profitability by negatively impacting our ~~fixed~~ costs and expenses. Economic and inflationary pressure on consumers and uncertainty regarding the **economic environment** ~~economic improvement~~ could result in changes in consumer and commercial spending, borrowing and savings habits. Such conditions could have a material adverse effect on the credit quality of our loans and our business, financial condition and results of operations. Climate change and the governmental responses to it

could have a material adverse impact on the Bank and its customers. The impacts of climate change, such as extreme weather conditions, natural disasters and rising sea levels, could impact the Bank's operations as well as those of its customers and third party vendors upon which it relies. Such events could also result in market volatility or negatively impact our customers' ability to pay outstanding loans, or result in the deterioration of the value of our collateral causing a material adverse effect on the Bank's financial condition and results of operation. Furthermore, increasing regulation related to climate change could have an adverse effect on the business and financial condition of the Bank and its customers, including our credit portfolio. Further legislation and regulatory requirements could increase the operating expenses of, or otherwise adversely impact, the Bank or its customers. To the extent that the Bank or its customers experience increases in costs, reductions in the value of assets, constraints on operations or similar concerns driven by changes in regulation relating to climate change, the Bank's business and results of operations may be adversely affected. Disruptions, instability and failures in the banking industry may negatively impact us. Recent events-Events impacting the financial services industry, including such as the 2023 failure-failures of Silicon Valley Bank, Signature Bank and First Republic Bank, have resulted in decreased confidence in banks among uninsured consumer and commercial depositors, other counterparties and investors, as well as significant disruption, volatility and reduced valuations of equity and other securities of banks in the capital markets. These events occurred during a period of rapidly rising interest rates which, among other things, has resulted in unrealized losses in longer duration securities and loans held by banks, and more competition for bank deposits and may increase the risk of a potential recession. These recent events have, and could continue to, adversely impact the market price and volatility of the Company's common stock. These recent events may also result in potentially adverse changes to laws or regulations governing banks and bank holding companies or result in the impositions of restrictions through supervisory or enforcement activities, including higher capital requirements, which could have a material impact on our business. Inability to access wholesale short-term funding, loss of client deposits or changes in our credit ratings could negatively impact our overall liquidity or capitalization, including by increase-increasing the cost of funding, capital or limit-limiting our ability to access to capital markets or negatively impact our overall liquidity or capitalization. We may be impacted by concerns regarding the soundness or creditworthiness of other financial institutions, which can cause substantial and cascading disruption within the financial markets and increased expenses. Any reduction in defense spending by the federal government in the State of Hawai'i could adversely impact the economy in Hawai-Hawai'i and the West Pacific Islands. The U. S. military has a major presence in Hawai-Hawai'i and the West Pacific Islands. As a result, the U. S. military is an important aspect of the economies in which we operate. The funding of the U. S. military is subject to the overall U. S. Government budget and appropriation decisions and processes which are driven by numerous factors, including geo-political events, macroeconomic conditions, and the ability and willingness of the U. S. Government to enact legislation. U. S. Government appropriations have been and likely will continue to be affected by larger U. S. Government budgetary issues and related legislation. Cuts in defense and other security spending in the State of Hawai'i could have an adverse impact on the economies in which we operate, which could adversely affect our business, financial condition, and results of operations. Changes in interest rates could adversely impact our results of operations and capital. Our earnings are highly dependent on the spread between the interest earned on loans, leases, and investment securities and the interest paid on deposits and borrowings. We primarily rely on customer deposits as a sizable source of relatively stable and low-cost funds. Changes in market interest rates impact the rates earned on loans, leases, and investment securities and the rates paid on deposits and borrowings. In addition, changes to market interest rates could impact the level of loans, leases, investment securities, deposits, and borrowings, and the credit profile of our current borrowers. Interest rates are affected by many factors beyond our control, and fluctuate in response to general economic conditions, currency fluctuations, and the monetary and fiscal policies of various governmental and regulatory authorities. Changes in monetary policy, including changes in interest rates, will influence the origination of loans and leases, the purchase of investments, the generation of deposits, and the rates received on loans and investment securities and paid on deposits. Any substantial prolonged change in market interest rates may negatively impact our ability to attract deposits, originate loans and leases, and achieve satisfactory interest rate spreads. If we are unable to continue to fund loans and other assets through customer deposits or access capital markets on favorable terms or if we otherwise fail to manage our liquidity effectively, our liquidity, net interest margin, financial results and conditions-condition may be adversely affected. Credit losses-Fixed rate loans increase our exposure to interest rate risk in a rising rate environment because interest-bearing liabilities would be subject to repricing before assets become subject to repricing. Adjustable rate loans decrease the risks to a lender associated with changes in interest rates but involve other risks. As interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, and the increased payment increases the potential for default. At the same time, for secured loans, the marketability of the underlying collateral may be adversely affected by higher interest rates. In a declining interest rate environment, there is likely to be an increase in prepayment activity on loans as the borrowers refinance their loans at lower interest rates. Under these circumstances, our results of operations could be negatively impacted. Changes in interest rates also can affect the value of loans, investments and other interest-rate sensitive assets including mortgage servicing rights, and our ability to realize gains on the sale or resolution of assets. This type of income can vary significantly from quarter-to-quarter and year-to-year based on a number of different factors, including the interest rate environment. An increase if economic conditions stagnate in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in non-performing assets and increased credit loss reserve requirements that could have a material adverse effect on or our deteriorate-results of operations. Increased credit losses for the Bank could result if economic conditions stagnate or deteriorate. The risk of nonpayment on loans and leases is inherent in all lending activities. We maintain a reserve for credit losses to absorb estimated expected credit losses over the life of the loan and lease portfolio as of the balance sheet date. Management makes various assumptions and judgments about the loan and lease portfolios in determining the level of the reserve for credit losses. Many of these assumptions are based on current economic conditions. Should economic conditions

stagnate or deteriorate nationally or in **Hawaii-Hawai'i**, we may be required to take increased reserves and / or experience higher credit losses in future periods. Inability of our borrowers to make timely repayments on their loans, or decreases in real estate collateral values may result in increased delinquencies, foreclosures, and customer bankruptcies, any of which could have a material adverse effect on our financial condition or results of operations. **Our allowance for credit losses may prove to be insufficient to absorb losses or appropriately reflect, at any given time, the inherent risk of loss in our loan portfolio. Our non-performing assets were at \$ 19.3 million, or 0.14 %, of total loans and leases and foreclosed real estate at December 31, 2024. Our criticized loans were \$ 296.2 million, or 2.10 %, of total loans and leases at December 31, 2024. The risk of nonpayment on loans and leases is inherent in all lending activities and, like all financial institutions, we maintain an allowance for credit losses to provide for loans in our portfolio that may not be repaid in their entirety. In determining the level of the reserve for credit losses, we consider numerous factors and our management makes various assumptions and judgments about the loan and lease portfolios, some of which are difficult, subjective, and involve complex judgments. Many of these assumptions are based on current economic conditions, particularly in Hawai'i and the West Pacific. If economic conditions stagnate or deteriorate, particularly in Hawai'i and the West Pacific, our borrowers may not be able to make timely repayments on their loans or real estate collateral values may decline, resulting in increased delinquencies, foreclosures, and customer bankruptcies, resulting in corresponding increases in credit losses. Our estimates of the risk of loss and amount of loss on any loan are complicated by the significant uncertainties surrounding our borrowers responses to changing business and economic conditions, interest rate environments, inflation and other factors. Because of the degree of uncertainty and susceptibility of these factors to change, our actual losses and estimates of risk of loss inherent in our loan portfolio have varied and are likely to continue to vary from our current estimates. Such variances may materially and adversely affect our financial condition and results of operations.** Consumer protection initiatives and court decisions related to the foreclosure process affect our remedies as a creditor. Proposed consumer protection initiatives related to the foreclosure process, including voluntary and / or mandatory programs intended to permit or require lenders to consider loan modifications or other alternatives to foreclosure, could increase our credit losses or increase our expense in pursuing our remedies as a creditor. In addition, **Hawaii-Hawai'i**'s appellate courts have made rulings that increase the complexity and risk of nonjudicial, or out-of-court, foreclosures. At the same time, a chronic backlog of cases in the **Hawaii-Hawai'i** courts has slowed the judicial foreclosure process, which delays the Bank's ability to take over, preserve, and sell the mortgaged property. **Delays** The manner in which these ~~the issues~~ **foreclosure process also could increase the amount of servicing advances that we are ultimately resolved could impact our required to make, lengthen the time it takes for us to be reimbursed for such advances, and increase the costs incurred during the foreclosure process procedures and costs**, which in turn could affect our financial condition or results of operations. Changes in the capital markets could materially affect the level of assets under management and the demand for our other fee-based services. Changes in the capital markets could affect the volume of income from and demand for our fee-based services. Our investment management revenues depend in large part on the level of assets under management. Market volatility that leads customers to liquidate investments or move investments to other institutions or asset classes, as well as lower asset values can reduce our level of assets under management, thereby decreasing our investment management revenues. **Risks Related to Common Stock** The Parent's liquidity is dependent on dividends from the Bank. The Parent is a separate and distinct legal entity from the Bank. The Parent receives substantially all of its cash in the form of dividends from the Bank. These dividends are the principal source of funds to pay dividends on the Parent's common and preferred stock or to repurchase common stock under the Parent's share repurchase program. Various federal and state laws and regulations impose limitations on the payment of dividends, such as requiring regulatory approval under certain circumstances. Limitations on the Parent's ability to receive dividends from the Bank could have a material adverse effect on the Parent's ability to meet its obligations, ~~or~~ **pay dividends to shareholders, or repurchase stock**. There can be no assurance that the Parent will ~~repurchase stock or~~ continue to declare cash dividends. ~~During 2023, the Parent repurchased 150,000 shares of common stock at a total cost of \$ 9.9 million under its share repurchase program. However, we suspended share repurchases in April 2023 in response to the turmoil in the banking industry due to several significant bank failures. The Parent also paid cash dividends of \$ 111.83 million on common shares during 2023-2024.~~ In January 2024-2025, the Parent's Board of Directors declared a quarterly cash dividend of \$ 0.70 per share on the Parent's outstanding common shares. Our dividend payments ~~and / or stock repurchases~~ may change from time-to-time, and we cannot provide assurance that we will continue to declare dividends ~~and / or repurchase stock~~ in any particular amounts or at all. Dividends ~~on and / or our common~~ **stock repurchases** are subject to capital availability and periodic determinations by our Board of Directors. **Additionally, so long as any share of Series A Preferred Stock or Series B Preferred Stock remains outstanding, unless the full dividends for the immediately preceding dividend period on all outstanding shares of Series A Preferred Stock and Series B Preferred Stock have been paid in full or declared and a sum sufficient for the payment has been set aside, we would not be permitted to declare or pay a dividend on our common stock.** We continue to evaluate the potential impact that regulatory proposals may have on our liquidity and capital management strategies, including ~~Basel III and~~ those required under the Dodd-Frank Act. The actual amount and timing of future dividends ~~and share repurchases~~, if any, will depend on market and economic conditions, applicable SEC rules, federal and state regulatory and supervisory restrictions, and various other factors. ~~In addition, the amount we spend and the number of shares we are able to repurchase under our stock repurchase program may further be affected by a number of other factors, including the stock price and blackout periods in which we are restricted from repurchasing shares. A reduction in or elimination of our dividend payments and / or prolonged suspension of stock repurchases could have a negative effect on our stock price.~~ **Risks Related to Regulatory Changes Fiscal and Monetary** ~~monetary~~ **Policy-policy** changes may significantly impact our profitability and liquidity. The Company's business and earnings are significantly affected by the fiscal and monetary policies of the Federal Government and its agencies. The Bank is particularly affected by the policies of the Federal Reserve, which regulates the

supply of money and credit in the United States. Among the instruments of monetary policy available to the Federal Reserve are (a) conducting open market operations in U. S. government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions' deposits, and (d) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. Changes to these policies of the Federal Reserve may have a material effect on our business, results of operations and financial condition. Legislation and regulatory initiatives affecting the financial services industry, including new interpretations, restrictions and requirements, could detrimentally affect the Company's business. **We are and will continue to be subject to extensive examination, supervision and comprehensive regulation by federal bank regulatory agencies. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds, and the banking system and the financial system as a whole, and not holders of our common stock. These Dodd- Frank regulations affect our lending practices, capital structure, investment practices, dividend policy, and growth, among other things. See Item 1. "Business – Supervision and Regulation" of this Annual Report on Form 10-K for information regarding regulation affecting** ~~Frank Act, enacted in July 2010, triggered sweeping reforms to the~~ **Company financial services industry.** The Dodd- Frank Act, other consumer protection laws, and their implementing rules and regulations are likely to continue to result in increased compliance costs, along with possible restrictions on our products, services and manner of operations, any of which may have a material adverse effect on our results of operations and financial condition. The CFPB has exercised its broad rule- making, supervisory, and examination authority of consumer financial products, as well as expanded data collection and enforcement powers, over depository institutions with more than \$ 10. 0 billion in assets. ~~Staff changes to key positions within the CFPB by the Biden administration may result in the CFPB pursuing more strict enforcement policies, similar to that experienced under the Obama administration.~~ Regulation of overall safety and soundness, the CRA, federal housing and flood insurance, as they pertain to consumer financial products and services, remains with the FRB. As a result of greater regulatory scrutiny of consumer financial products as a whole, the Company has become subject to more and expanded regulatory examinations, which also could result in increased costs as well as harm to our reputation in the event of a finding that we have not complied with the increased regulatory requirements. New laws, regulations, and changes, and the uncertainty surrounding whether such laws, regulations and changes will be implemented, interpreted, repealed or reinstated, in the current regulatory and political climate, may continue to increase our costs of regulatory compliance. ~~They~~ **For example, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, financial privacy laws, consumer protection laws, and other similar laws. Additionally, laws such as the USA PATRIOT Act and the Bank Secrecy Act require financial institutions to develop programs to prevent financial institutions from being used for money laundering and terrorist activities and require financial institutions to establish procedures for identifying and verifying the identity of clients seeking to open new financial accounts. Because of these new laws, regulations, and changes, the bank regulatory framework is quickly changing and becoming increasingly stringent. Additionally, certain laws and regulations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources. These laws and regulations** may significantly affect the markets in which we do business, the markets for and value of our **assets and** investments, and our ongoing operations, costs, and profitability. In addition, there may be increased regulatory scrutiny in the course of routine examinations and otherwise, and new regulations designed to respond to recent negative developments in the banking industry, all of which may increase our costs of doing business and reduce our profitability. Among other things, there may be increased focus by both regulators and investors on deposit composition, the level of uninsured deposits, brokered deposits, unrealized losses in securities portfolios, liquidity, commercial real estate composition and concentration, and capital and general oversight and control of the foregoing. Financial institutions, such as ourselves, could face increased scrutiny or be viewed as higher risk by regulators and / or the investor community, which could negatively affect ~~its our~~ results of operations and financial condition **or the market for our common stock.** Further, leadership and staff changes in regulatory agencies such as the CFPB, CFTC, SEC, and the Treasury Department could lead to changes in the rulemaking, supervision, examination and enforcement priorities and policies of the agencies. The potential impact of any changes within these agencies cannot be predicted at this time. Changes in the capital, leverage, liquidity requirements for financial institutions could materially affect future requirements of the Company. ~~We Under Basel III, financial institutions are required subject to have more regulatory requirements relating to capital and a higher quality, which are subject to change from time to time. If we fail to meet applicable requirements, we may be restricted in the types of activities we may conduct, and we may be prohibited from taking certain capital actions . Under the final rules issued by the banking regulators, such as paying dividends minimum requirements increased for both the quantity and share repurchases quality of capital held by the Company. Compliance with Basel III resulted in increased capital, liquidity, and disclosure requirements. See the " Regulatory Initiatives Affecting the Banking Industry " section in~~ **Item 7. " MD & A " for more information . While we expect to continue to meet the capital requirements set forth by federal bank regulators, we may fail to do so. In addition, these requirements could have a negative impact on our ability to lend, grow deposit balances, make acquisitions or make capital distributions in the form of dividends and share repurchases. Higher capital levels could also lower our return on equity.** Changes in income tax laws and interpretations, or in accounting standards, could materially affect our financial condition or results of operations. Further changes in income tax laws could be enacted, or interpretations of existing income tax laws could change, causing an adverse effect on our financial condition or results of operations. For example, the Inflation Reduction Act was enacted on August 16, 2022, and introduced, among provisions, a new corporate minimum income tax on certain large corporations, an excise tax of 1 % on certain share repurchases by corporations, and increased funding for the Internal Revenue Service.

Although we do not anticipate the new corporate minimum income tax will currently apply to us, changes in our business and any future regulations or other guidance on the interpretation and application of the new corporate minimum tax, as well as the potential application of the share repurchase excise tax, may result in additional taxes payable by us, which could materially and adversely affect our financial results and operations. Similarly, our accounting policies and methods are fundamental to how we report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the value of our assets, liabilities, and financial results. Periodically, new accounting standards are issued or existing standards are revised, changing the methods for preparing our financial statements. These changes are not within our control and may significantly impact our financial condition and results of operations.

**Risks Related to Business Operations** A failure in or breach of our operational systems, information systems, or infrastructure, or those of our third party vendors and other service providers, may result in financial losses, loss of customers, or damage to our reputation. We rely heavily on communications and information systems to conduct our business. In addition, we rely on third parties to provide key components of our infrastructure, including loan, deposit and general ledger processing, internet connections, and network access. These types of information and related systems are critical to the operation of our business and essential to our ability to perform day-to-day operations, and, in some cases, are critical to the operations of certain of our customers. These third parties with which we do business or that facilitate our business activities, including exchanges, clearing firms, financial intermediaries or vendors that provide services or security solutions for our operations, could also be sources of operational and information security risk to us, including breakdowns or failures of their own systems or capacity constraints. In addition, our communications and information systems and operations (including those of third parties that facilitate our business activities) could be damaged or interrupted due to events such as natural or human-caused disasters (including public health crises) or extreme weather (including as a result of climate change), geopolitical events and security issues, computer viruses, physical or electronic break-ins, operational failures, and similar events or disruptions. Although we have safeguards and business continuity plans in place, our business operations may be adversely affected by significant and widespread disruption to our physical infrastructure or operating systems that support our business and our customers, resulting in financial losses, loss of customers, or damage to our reputation. An interruption or breach in security of our information systems or those related to merchants and third party vendors, including as a result of cyber attacks, could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, or result in financial losses. Our business requires the collection and retention of large volumes of customer data, including payment card numbers and other personally identifiable information in various information systems that we maintain and in those maintained by third parties with whom we contract to provide data services. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The integrity and protection of that customer and company data is important to us. As customer, public, legislative and regulatory expectations and requirements regarding operational and information security have increased, our operating systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions and breakdowns. Our technologies, systems, networks and software, and those of other financial institutions have been, and are likely to continue to be, the target of cybersecurity threats and attacks, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at us. These cybersecurity threats and attacks may include, but are not limited to, attempts to access information, including customer and company information, malicious code, computer viruses and denial of service attacks that could result in unauthorized access, misuse, loss or destruction of data (including confidential customer information), account takeovers, unavailability of service or other events. These types of threats may result from human error, fraud or malice on the part of external or internal parties, intelligence-gathering by foreign governments, or from accidental technological failure internally or by our vendors. Further, to access our products and services our customers may use computers and mobile devices that are beyond our security control systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, has increased as the number, intensity and sophistication of attempted attacks and intrusions around the world have increased. Our customers and employees have been, and will continue to be, targeted by parties using fraudulent emails and other communications in attempts to misappropriate passwords, payment card numbers, bank account information or other personal information or to introduce viruses or other malware through “trojan horse” programs to our customers’ devices. These communications may appear to be legitimate messages sent by the Bank or other businesses, but direct recipients to fake websites operated by the sender of the email or request that the recipient send a password or other confidential information via email or download a program. Despite our efforts to mitigate these threats through product improvements, use of encryption and authentication technology to secure online transmission of confidential consumer information, and customer and employee education, such attempted frauds against us or our merchants and our third party service providers remain a serious issue. The pervasiveness of cyber security incidents in general and the risks of cyber-crime are complex and continue to evolve. In light of several recent high-profile data breaches involving other companies’ losses of customer personal and financial information, **we believe this risk a material cybersecurity incident** could cause customer and / or Bank losses, damage to our brand, and increase our costs through the ongoing cost of technology investments to improve security, as well as the potential financial and reputational impact of a cyber security incident involving the Company. Although we make significant efforts to maintain the security and integrity of our information systems and have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well-protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber-attacks and intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus making it

virtually impossible for us to entirely mitigate this risk. A security breach or other significant disruption could: 1) disrupt the proper functioning of our networks and systems and therefore our operations and / or those of certain of our customers; 2) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of confidential, sensitive or otherwise valuable information of ours or our customers, including account numbers and other financial and personal information; 3) result in a violation of applicable privacy, data breach and other laws, subjecting the Bank to additional regulatory scrutiny and exposing the Bank to civil litigation, governmental fines and possible financial liability; 4) require significant management attention and resources to remedy the damages that result; or 5) harm our reputation or cause a decrease in the number of customers that choose to do business with us or reduce the level of business that our customers do with us. The occurrence of any such failures, disruptions or security breaches could have a negative impact on our results of operations, financial condition, and cash flows as well as damage our brand and reputation. Our mortgage banking income may experience significant volatility. Our mortgage banking income is highly influenced by the level and direction of mortgage interest rates, real estate activity, and refinancing activity. Interest rates can affect the amount of mortgage banking activity and impact fee income and the fair value of our derivative financial instruments and mortgage servicing rights. **Changes in the fair value of mortgage servicing rights are recorded in mortgage banking income in the Company's consolidated statements of income. If loan delinquencies or prepayment speeds are higher than anticipated or other factors perform worse than modeled, the recorded value of certain of our mortgage servicing rights may decrease, which could adversely affect our business, financial condition and results of operations.** Mortgage banking income may also be impacted by changes in our strategy to manage our residential mortgage portfolio. For example, we may occasionally decide to add more conforming saleable loans to our portfolio (as opposed to selling the loans in the secondary market) which would reduce our gains on sales of residential mortgage loans. These variables could adversely affect mortgage banking income. Our mortgage loan servicing business may be impacted if we do not meet our obligations, or if servicing standards change. We act as servicer for mortgage loans sold into the secondary market, primarily to government sponsored enterprises ("GSEs") such as Fannie Mae. As a seller and servicer for those loans, we make warranties about their origination and are required to perform servicing according to complex contractual and handbook requirements. We maintain systems and procedures intended to ensure that we comply with these requirements. We may be penalized and, in limited instances required to repurchase certain mortgages, due to alleged failures to adhere to these requirements. Should GSEs change the requirements in their servicing handbooks, we may sustain higher compliance costs. Risks related to representation and warranty provisions may impact our mortgage loan servicing business. The Company sells residential mortgage loans in the secondary market primarily to Fannie Mae. The Company also pools Federal Housing Administration ("FHA") insured and U. S. Department of Veterans Affairs ("VA") guaranteed residential mortgage loans for sale to Ginnie Mae. These pools of FHA- insured and VA- guaranteed residential mortgage loans are securitized by Ginnie Mae. The agreements under which the Company sells residential mortgage loans to Fannie Mae or Ginnie Mae and the insurance or guaranty agreements with FHA and VA contain provisions that include various representations and warranties regarding the origination and characteristics of the residential mortgage loans. Although the specific representations and warranties vary among investors, insurance or guarantee agreements, they typically cover ownership of the loan, validity of the lien securing the loan, the absence of delinquent taxes or liens against the property securing the loan, compliance with loan criteria set forth in the applicable agreement, compliance with applicable federal, state, and local laws, and other matters. As of December 31, ~~2023~~ **2024**, the unpaid principal balance of residential mortgage loans sold **and serviced** by the Company was \$ 2. 0 billion. The agreements under which the Company sells residential mortgage loans require delivery of various documents to the investor or its document custodian. Although these loans are primarily sold on a non- recourse basis, the Company may be obligated to repurchase residential mortgage loans or reimburse investors for losses incurred if a loan review reveals that underwriting and documentation standards were potentially not met. Some agreements may require the Company to repurchase delinquent loans. Upon receipt of a repurchase request, the Company works with investors or insurers to arrive at a mutually agreeable resolution. Repurchase demands are typically reviewed on an individual loan by loan basis to validate the claims made by the investor or insurer and to determine if a contractually required repurchase event has occurred. The Company manages the risk associated with potential repurchases or other forms of settlement through its underwriting and quality assurance practices and by servicing mortgage loans to meet investor and secondary market standards. For the year ended December 31, ~~2023~~ **2024**, the Company repurchased three residential mortgage loans with an aggregate unpaid principal balance totaling \$ ~~0-1. 61~~ million as a result of the representation and warranty provisions contained in these contracts. The loans were delinquent as to principal and interest at the time of repurchase, however, no material losses were incurred related to these repurchases. Risks relating to residential mortgage loan servicing activities may adversely affect our results. In addition to servicing loans in the Company's portfolio, substantially all of the loans the Company sells to investors are sold with servicing rights retained. The Company also services loans originated by other mortgage loan originators. As servicer, the Company's primary duties are to: (1) collect payments due from borrowers; (2) advance certain delinquent payments of principal and interest; (3) maintain and administer any hazard, title, or primary mortgage insurance policies relating to the mortgage loans; (4) maintain any required escrow accounts for payment of taxes and insurance and administer escrow payments; and (5) foreclose on defaulted mortgage loans or, to the extent consistent with the documents governing a securitization, consider alternatives to foreclosure, such as loan modifications or short sales. **As of December 31, 2024, we serviced an aggregate unpaid principal balance of approximately \$ 2. 5 billion. During any period in which our borrowers are not making payments on loans we service, including during defaults, delinquencies, forbearances, and in certain circumstances where a borrower prepays a loan, we generally are required under our servicing agreements to advance our own funds to pay principal and interest, property taxes and insurance premiums, legal expenses, and other expenses. In addition, in the event a loan serviced by us defaults or becomes delinquent, or to the extent a mortgagee under such loan is allowed to enter into a forbearance by applicable law or regulation, the repayment to us of any advance related to such events may be delayed until the loan is repaid or**

refinanced or liquidation occurs. Any delay or impairment in our ability to collect an advance may affect our liquidity, and delays in reimbursements of us, or our inability to be reimbursed, for advances could be detrimental to our business. In addition, any regulatory actions that lengthen the foreclosure process could increase the amount of servicing advances that we are required to make, lengthen the time it takes for us to be reimbursed for such advances, and increase the costs incurred during the foreclosure process. Additionally, Each each agreement under which the Company acts as servicer generally specifies a standard of responsibility for actions taken by the Company in such capacity and provides protection against expenses and liabilities incurred by the Company when acting in compliance with the respective servicing agreements. However, if the Company commits a material breach of obligations as servicer, the Company may be subject to termination if the breach is not cured within a specified period following notice. The standards governing servicing and the possible remedies for violations of such standards vary by investor. These standards and remedies are determined by servicing guides issued by the investors as well as the contract provisions established between the investors and the Company. Remedies could include repurchase of an affected loan. The requirement to record certain assets and liabilities at fair value may adversely affect our financial results. We report certain assets, including available- for- sale investment securities, at fair value. Generally, for assets that are reported at fair value we use quoted market prices or valuation models that utilize market data inputs to estimate fair value. Because we record these assets at their estimated fair value, mark- to- market gains or losses may impact equity or income. The level of interest rates can impact the estimated fair value of investment securities. Mark- to- market values of non-hedged available- for- sale investment securities are recorded in shareholders' equity as a component of other comprehensive income, while hedged investment securities are recorded in interest income. Disruptions in the capital markets may require us to reserve for credit losses in future periods with respect to investment securities in our portfolio. The amount and timing of any credit allowance recognized will be measured as the difference between the security's amortized cost basis and the amount expected to be collected over the security's lifetime. Natural disasters and adverse weather could in Hawai'i and the West Pacific may negatively affect real estate property values and bank our operations. Real estate and real estate property values play an important role for the Bank in several ways. The Bank owns or leases many real estate properties in connection with its operations, primarily located in Hawai'i with its unique weather and geology. Our business operations could suffer to the extent the Bank cannot utilize its branch network due to damage from weather or other natural disasters. Real estate is also utilized as collateral for many of our loans. A natural disaster in Hawai'i or the West Pacific Islands could cause property values in the affected areas to fall, might limit our customers' access to adequate property insurance, or otherwise impact borrowers' ability to pay their financial obligations, any of which would increase our exposure to loan defaults and could require the Bank to record an impairment on our financial statements. In August 2023, wildfires broke out in West Maui destroying the historic town of Lahaina as well as structures and farmland in Upcountry Maui and North Kihei. Roughly 2, 200 structures were lost in the fire, 85 % of which were homes. Though the economic recovery has been faster than anticipated, Maui's visitor industry remains depressed as the Maui economy continues its gradual post- wildfire recovery. While loans to our customers impacted by the Maui wildfires were not material to our total loan portfolio, real estate property values in the wildfire area were negatively affected and continue to be negatively affected during the wild- fire recovery period. General Risk Factors Competition may adversely affect our business. Our future depends on our ability to compete effectively. We compete for deposits, loans, leases, and other financial services with a variety of competitors, including banks, thrifts, savings associations, credit unions, mortgage companies, finance companies, mutual funds, brokerage firms, insurance companies, and other non- traditional providers of financial services, including financial technology companies and financial service subsidiaries of commercial and manufacturing companies. Some of our competitors are not subject to the same level of regulation and oversight that is required of banks and BHCs, and may benefit from tax exemptions or lower tax rates. As a result, some of these competitors may have lower cost structures. We expect competitive conditions to intensify as consolidation in the financial services industry continues. Both federal and local laws provide mechanisms for out- of- state banks and their holding companies to acquire or open branches in our service territories. Failure to effectively address this competitive risk by competing, innovating and making effective use of new and existing channels to deliver our products and services could adversely affect our financial condition or results of operations. Our future performance will depend on our ability to respond timely to technological change. The financial services industry is also likely to become more competitive as further technological advances enable more companies, including non- depository institutions, to provide financial services. Also, some of our competitors, through delivery channels such as the Internet, may be based outside of the markets that we serve. Both federal and local laws provide mechanisms for out- of- state banks and their holding companies to acquire or open branches in our service territories. Failure to effectively address this competitive risk by competing, innovating and making effective use of new and existing channels to deliver our products and services could adversely affect our financial condition or results of operations. Negative public opinion could damage our reputation and adversely impact our earnings and liquidity. Our bank's reputation is critical to establishing and retaining our customer relationships. Reputational risk, or the risk to our business, earnings, liquidity, and capital from negative public opinion, could result from our actual or alleged conduct in a variety of areas, including legal and regulatory compliance, lending practices, corporate governance, litigation, ethical issues, or inadequate protection of customer information. Because of the concentration of our business in Hawai'i and the West Pacific, we are particularly sensitive to the opinion of the public in those areas, which reflects the values and culture of our communities such as the Hawai'i's culture of ' ohana. We expend significant resources to comply with regulatory requirements. Failure to comply could result in reputational harm or significant legal and / or remedial costs. Damage to our reputation could adversely affect our ability to retain and attract new customers, and adversely impact our earnings and liquidity. We are subject to certain litigation, and our expenses related to this litigation may adversely affect our results. We are, from time- to- time, involved in various legal proceedings arising from our normal business activities. These claims and legal actions, including supervisory actions by our regulators, could involve large monetary claims and significant defense costs. The

outcome of these cases is uncertain. Substantial legal liability or significant regulatory action against us could have material financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects. In recent years, regulatory enforcement and fines have increased across the banking and financial services sector. There is no assurance that those actions will not result in regulatory settlements or other enforcement actions against the Company or the Bank. Furthermore, a single event involving a potential violation of law or regulation may give rise to numerous and overlapping investigations and proceedings by multiple federal and state agencies and officials. In addition, if one or more financial institutions are found to have violated a law or regulation relating to certain business activities, this could lead to investigations by regulators or other governmental agencies of the same or similar activities by other financial institutions, including the Company, and large fines and remedial measures that may have been imposed in resolving earlier investigations for the same or similar activities at other financial institutions may be used as the basis for future settlements. We may be exposed to substantial uninsured liabilities, which could materially affect our results of operations and financial condition. Based on information currently available, we believe that the eventual outcome of known actions against us will not be materially in excess of such amounts accrued by us. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters may be material to our financial results for any particular period. See **the Contingencies section of Note 20 in Item 8. "Notes to the Consolidated Financial Statements" under the discussion related to Contingencies** for more information. Our performance depends on attracting and retaining key employees and skilled personnel to operate our business effectively. Our success is dependent on our ability to recruit qualified and skilled personnel to operate our business effectively. Competition for these qualified and skilled people is intense. There are a limited number of qualified personnel in the markets we serve, so our success depends in part on the continued services of many of our current management and other key employees. Failure to retain our key employees and maintain adequate staffing of qualified personnel could adversely impact our operations and our ability to compete. The soundness of other financial institutions may adversely impact our financial condition or results of operations. Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, lending, counterparty, or other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services institutions or the financial services industry in general have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. We have exposure to many different industries and counterparties, and we routinely execute transactions with brokers and dealers, commercial banks, investment banks, mutual funds, and other institutional clients. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due us. Such losses could materially affect our financial condition or results of operations. We have experienced increases in FDIC insurance assessments ~~due to the~~ **The Deposit Insurance Fund is supported mainly through quarterly assessments on insured bank banks failures that occurred, like the Bank. The Bank is subject to both base and special assessments. The Bank's base assessment is determined by the FDIC using a risk-based assessment rate and average total assets minus our average tangible equity. Special assessments are made by the FDIC based on reported uninsured deposits and often times in 2023—response to particular events**. In November 2023, the FDIC implemented a special assessment to recover the loss to the Deposit Insurance Fund following the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank ~~earlier in the year~~. The assessment was based on reported uninsured deposits as of December 31, 2022. The Company's share of the FDIC special assessment was **approximately \$14.7 million** which was recorded in the fourth quarter of 2023 and is payable in eight quarterly installments starting in June 2024. In February 2024, the FDIC updated the loss estimate related to the bank failures to \$20.4 billion, and increase from its original estimate of \$16.3 ~~6 billion~~ **million**. ~~Based~~ **We may also experience increases in our base assessments depending on the FDIC's modified loss estimate, we expect an increase** ~~increases~~ **in special** ~~our~~ **assessment base expense in, or assessment rate** around June 2024; however, we expect the increase will not be material. Further increases in our assessment fees may have an adverse effect on our results of operations and financial condition.