



## PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)

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### HINGHAM REPORTS THIRD QUARTER 2024 RESULTS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced results for the quarter ended September 30, 2024.

#### Earnings

Net income for the quarter ended September 30, 2024 was \$5,846,000 or \$2.68 per share basic and \$2.66 per share diluted, as compared to \$3,297,000 or \$1.53 per share basic and \$1.50 per share diluted for the same period last year. The Bank's annualized return on average equity for the third quarter of 2024 was 5.52%, and the annualized return on average assets was 0.54%, as compared to 3.25% and 0.31% for the same period last year. Net income per share (diluted) for the third quarter of 2024 increased by 77% compared to the same period in 2023.

Core net income for the quarter ended September 30, 2024, which represents net income excluding the after-tax gain on equity securities, both realized and unrealized, and the after-tax gain on the disposal of fixed assets, was \$3,163,000 or \$1.45 per share basic and \$1.44 per share diluted, as compared to \$2,895,000 or \$1.35 per share basic and \$1.32 per share diluted for the same period last year. The Bank's annualized core return on average equity for the third quarter of 2024 was 2.99% and the annualized core return on average assets was 0.29%, as compared to 2.85% and 0.27% for the same period last year. Core net income per share (diluted) for the third quarter of 2024 increased by 9% over the same period in 2023.

Net income for the nine months ended September 30, 2024 was \$16,816,000 or \$7.73 per share basic and \$7.67 per share diluted, as compared to \$20,056,000 or \$9.33 per share basic and \$9.14 per share diluted for the same period last year. The Bank's annualized return on average equity for the first nine months of 2024 was 5.35%, and the annualized return on average assets was 0.52%, as compared to 6.70% and 0.64% for the same period in 2023. Net income per share (diluted) for the first nine months of 2024 decreased by 16% over the same period in 2023.

Core net income for the nine months ended September 30, 2024, which represents net income excluding the after-tax gain on securities, both realized and unrealized, and the after-tax gain on the disposal of fixed assets, was \$7,558,000 or \$3.47 per share basic and \$3.45 per share diluted, as compared to \$12,686,000 or \$5.90 per share basic and \$5.78 per share diluted for the same period last

year. The Bank's annualized core return on average equity for the first nine months of 2024 was 2.41%, and the annualized core return on average assets was 0.23%, as compared to 4.24% and 0.41% for the same period in 2023. Core net income per share (diluted) for the first nine months of 2024 decreased by 40% over the same period in 2023.

See Page 10 for a reconciliation between Generally Accepted Accounting Principles ("GAAP") net income and non-GAAP core net income. GAAP requires that gains and losses on equity securities, net of tax, realized and unrealized, be recognized in the Consolidated Statements of Income. In calculating core net income, the Bank did not make any adjustments other than those relating to after-tax gain on equity securities, realized and unrealized, and the after-tax gain on disposal of fixed assets.

## **Balance Sheet**

Total assets were \$4.450 billion at September 30, 2024, representing a 1% annualized decline year-to-date and 2% growth from September 30, 2023.

Net loans were \$3.863 billion at September 30, 2024, representing a 2% annualized decline year-to-date and 1% growth from September 30, 2023. Origination activity was concentrated in the Boston and Washington D.C. markets and remained focused on stabilized multifamily commercial real estate and multifamily construction. The Bank continues to evaluate new opportunities in the San Francisco market, where interest in acquisitions and refinancing activity from the Bank's customers began to pick up in 2024. In the third quarter of 2024, the Bank continued to experience loan prepayments more consistent with historic trends, including continued significant turnover in the Bank's construction portfolio. As noted below, asset quality remained strong and finding high-quality loan assets remains a core business objective of the Bank.

Retail and business deposits were \$1.977 billion at September 30, 2024, representing 8% annualized growth year-to-date and 3% growth from September 30, 2023. Non-interest-bearing deposits, included in retail and business deposits, were \$358.0 million at September 30, 2024, representing 7% annualized growth year-to-date and stable from September 30, 2023.

Growth in non-interest bearing and money market balances in the first nine months of 2024 reflected the Bank's focus on developing and deepening deposit relationships with new and existing commercial and non-profit customers. Investments in new relationship managers over the last nine months continued to contribute to deposit growth in the third quarter of 2024. The Bank continues to recruit actively for talented commercial bankers in Boston, Washington, and San Francisco, particularly as respected competitors have exited these markets or merged with larger regional banks.

The stability of the Bank's balance sheet, as well as full and unlimited deposit insurance through the Bank's participation in the Massachusetts Depositors Insurance Fund, continues to be appealing to customers in times of uncertainty.

Wholesale funds, which includes Federal Home Loan Bank borrowings, brokered deposits, and Internet listing service deposits were \$2.015 billion at September 30, 2024, representing a 10% annualized decline year-to-date and 1% growth from September 30, 2023. In the first nine months of 2024, the Bank continued to manage its wholesale funding mix to optimize the cost of funds while taking advantage of the inverted yield curve by adding lower rate longer term liabilities. Wholesale deposits, which include brokered and Internet listing service time deposits, were \$482.2 million at September 30, 2024, representing a 1% annualized decline year-to-date and a 2% decline from September 30, 2023. Borrowings from the Federal Home Loan Bank totaled \$1.531 billion at

September 30, 2024, representing a 13% annualized decline from December 31, 2023, and 1% growth from September 30, 2023. As of September 30, 2024, the Bank maintained an additional \$815.5 million in immediately available borrowing capacity at the Federal Home Loan Bank of Boston and the Federal Reserve Bank, in addition to \$368.1 million in cash and cash equivalents.

Book value per share was \$193.42 as of September 30, 2024, representing 3% annualized growth year-to-date and 4% growth from September 30, 2023. This growth is not consistent with the Bank's long-term objectives. In addition to the increase in book value per share, the Bank declared \$2.52 in dividends per share since September 30, 2023.

On September 25, 2024, the Bank declared a regular cash dividend of \$0.63 per share. This dividend will be paid on November 13, 2024 to stockholders of record as of November 4, 2024. This was the Bank's 123rd consecutive quarterly dividend.

The Bank has also generally declared special cash dividends in each of the last twenty-nine years, typically in the fourth quarter, but did not declare a special dividend in 2023. The Bank sets the level of the special dividend based on the Bank's capital requirements and the prospective return on other capital allocation options, particularly the incremental return on capital from new loan originations. This may result in special dividends, if any, significantly above or below the regular quarterly dividend. Future regular and special dividends will be considered by the Board of Directors on a quarterly basis.

### **Operational Performance Metrics**

The net interest margin for the quarter ended September 30, 2024 increased 11 basis points to 1.07%, as compared to 0.96% in the quarter ended June 30, 2024. This was the second consecutive quarter of continued expansion. This improvement was the result of an increase in the yield on earning assets combined with a decline in the cost of interest-bearing liabilities. The six basis points increase in the yield on earning assets was driven primarily by a higher yield on loans, as the Bank continued to originate loans at higher rates and reprice existing loans. The cost of interest-bearing liabilities fell three basis points, as the Bank began to reduce rates later in the third quarter and continued to take advantage of the inverted yield curve by adding lower rate FHLB advances and brokered deposits. The net interest margin in the final month of the third quarter of 2024 was 1.14% annualized.

Key credit and operational metrics remained strong in the third quarter of 2024. At September 30, 2024, non-performing assets totaled 0.04% of total assets, compared to 0.03% at December 31, 2023 and 0.00% at September 30, 2023. Non-performing loans as a percentage of the total loan portfolio totaled 0.04% at both September 30, 2024 and December 31, 2023, as compared to 0.01% at September 30, 2023. The Bank did not record any charge-offs in the first nine months of 2024 or 2023. All non-performing assets and loans cited above were and are residential, owner-occupant loans.

The Bank did not have any delinquent or non-performing commercial real estate loans as of September 30, 2024, December 31, 2023, or September 30, 2023. The Bank did not own any foreclosed property as of September 30, 2024, December 31, 2023 or September 30, 2023.

The efficiency ratio, as defined on page 5 below, fell to 62.19% for the third quarter of 2024, as compared to 68.57% in the prior quarter and 62.55% for the same period last year. Operating expenses as a percentage of average assets rose to 0.68% for the third quarter of 2024, as compared to 0.67% for the prior quarter and the same period last year. As the efficiency ratio can be significantly influenced by the level of net interest income, the Bank utilizes these paired figures together to assess

its operational efficiency over time. During periods of significant net interest income volatility, the efficiency ratio in isolation may over or understate the underlying operational efficiency of the Bank. The Bank remains focused on reducing waste through an ongoing process of continuous improvement and standard work that supports operational leverage, positioning the Bank to operate more efficiently in future.

Chairman Robert H. Gaughen Jr. stated, “Returns on equity and assets in the third quarter of 2024 were significantly lower than our long-term performance, reflecting the challenge from the increase in short-term interest rates over the last twenty-four months and a historically long and deep inversion of the yield curve. These conditions have posed a significant - albeit ultimately temporary - challenge to our business model. Our core business has been particularly challenged during this period and our investment operations have been critical to sustaining some growth in book value per share in this environment. As our assets continue to reprice higher and our liabilities, including both deposits and wholesale funding, reprice lower, conditions have become somewhat more favorable for our model.

While this market environment has been extraordinarily challenging, the Bank’s business model has been built over time to compound shareholder capital through economic cycles. During all such periods, we remain focused on careful capital allocation, defensive underwriting and disciplined cost control - the building blocks for compounding shareholder capital through all stages of the economic cycle. These remain constant, regardless of the macroeconomic environment in which we operate. I believe that over the past twenty-four months we have retained this focus and it will serve us well as our business emerges from this period.”

The Bank’s quarterly financial results are summarized in this earnings release, but shareholders are encouraged to read the Bank’s quarterly report on Form 10-Q, which is generally available several weeks after the earnings release. The Bank expects to file Form 10-Q for the quarter ended September 30, 2024 with the Federal Deposit Insurance Corporation (FDIC) on or about November 6, 2024.

Incorporated in 1834, Hingham Institution for Savings is one of America’s oldest banks. The Bank maintains offices in Boston, Nantucket, Washington, D.C., and San Francisco.

The Bank’s shares of common stock are listed and traded on The NASDAQ Stock Market under the symbol HIFS.

**HINGHAM INSTITUTION FOR SAVINGS**  
**Selected Financial Ratios**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
<i>(Unaudited)</i>				
<b>Key Performance Ratios</b>				
Return on average assets (1)	0.31 %	<b>0.54 %</b>	0.64 %	<b>0.52 %</b>
Return on average equity (1)	3.25	<b>5.52</b>	6.70	<b>5.35</b>
Core return on average assets (1) (5)	0.27	<b>0.29</b>	0.41	<b>0.23</b>
Core return on average equity (1) (5)	2.85	<b>2.99</b>	4.24	<b>2.41</b>
Interest rate spread (1) (2)	0.39	<b>0.34</b>	0.65	<b>0.24</b>
Net interest margin (1) (3)	1.05	<b>1.07</b>	1.26	<b>0.96</b>
Operating expenses to average assets (1)	0.67	<b>0.68</b>	0.68	<b>0.67</b>
Efficiency ratio (4)	62.55	<b>62.19</b>	53.69	<b>68.76</b>
Average equity to average assets	9.59	<b>9.82</b>	9.58	<b>9.65</b>
Average interest-earning assets to average interest-bearing liabilities	120.53	<b>120.59</b>	121.28	<b>120.14</b>

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2023</b>	<b>2024</b>
<i>(Unaudited)</i>			
<b>Asset Quality Ratios</b>			
Allowance for credit losses/total loans	0.69 %	0.68 %	<b>0.69 %</b>
Allowance for credit losses/non-performing loans	13,528.72	1,804.47	<b>1,662.35</b>
Non-performing loans/total loans	0.01	0.04	<b>0.04</b>
Non-performing loans/total assets	0.00	0.03	<b>0.04</b>
Non-performing assets/total assets	0.00	0.03	<b>0.04</b>
<b>Share Related</b>			
Book value per share	\$ 186.74	\$ 188.50	<b>\$ 193.42</b>
Market value per share	\$ 186.75	\$ 194.40	<b>\$ 243.31</b>
Shares outstanding at end of period	2,152,400	2,162,400	<b>2,180,250</b>

(1) Annualized.

(2) Interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by average interest-earning assets.

(4) The efficiency ratio is a non-GAAP measure that represents total operating expenses, divided by the sum of net interest income and total other income, excluding gain on equity securities, net and gain on disposal of fixed assets.

(5) Non-GAAP measurements that represent return on average assets and return on average equity, excluding the after-tax gain on equity securities, net and the after-tax gain on disposal of fixed assets.

# HINGHAM INSTITUTION FOR SAVINGS

## Consolidated Balance Sheets

<i>(In thousands, except share amounts)</i> <i>(Unaudited)</i>	September 30, 2023	December 31, 2023	September 30, 2024
<b>ASSETS</b>			
Cash and due from banks	\$ 6,122	\$ 5,654	\$ 7,147
Federal Reserve and other short-term investments	347,419	356,823	360,953
Cash and cash equivalents	353,541	362,477	368,100
CRA investment	7,973	8,853	9,040
Other marketable equity securities	65,213	70,949	88,604
Securities, at fair value	73,186	79,802	97,644
Securities held to maturity, at amortized cost	3,500	3,500	6,493
Federal Home Loan Bank stock, at cost	62,457	69,574	62,812
Loans, net of allowance for credit losses of \$26,381 at September 30, 2023, \$26,652 at December 31, 2023 and \$26,980 at September 30, 2024	3,808,599	3,914,244	3,863,105
Bank-owned life insurance	13,562	13,642	13,899
Premises and equipment, net	17,027	17,008	16,565
Accrued interest receivable	7,722	8,554	8,395
Deferred income tax asset, net	1,949	974	—
Other assets	15,179	14,172	12,743
Total assets	\$ 4,356,722	\$ 4,483,947	\$ 4,449,756
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Interest-bearing deposits	\$ 2,056,582	\$ 2,010,918	\$ 2,103,123
Non-interest-bearing deposits	359,070	339,059	358,009
Total deposits	2,415,652	2,349,977	2,461,132
Federal Home Loan Bank advances	1,509,000	1,692,675	1,530,500
Mortgagors' escrow accounts	13,773	13,942	14,589
Accrued interest payable	8,311	12,261	11,025
Deferred income tax liability, net	—	—	1,739
Other liabilities	8,039	7,472	9,069
Total liabilities	3,954,775	4,076,327	4,028,054
Stockholders' equity:			
Preferred stock, \$1.00 par value, 2,500,000 shares authorized, none issued	—	—	—
Common stock, \$1.00 par value, 5,000,000 shares authorized; 2,152,400 shares issued and outstanding at September 30, 2023, 2,162,400 shares issued and outstanding at December 31, 2023 and 2,180,250 shares issued and outstanding at September 30, 2024	2,152	2,162	2,180
Additional paid-in capital	13,439	14,150	15,519
Undivided profits	386,356	391,308	404,003
Total stockholders' equity	401,947	407,620	421,702
Total liabilities and stockholders' equity	\$ 4,356,722	\$ 4,483,947	\$ 4,449,756

**HINGHAM INSTITUTION FOR SAVINGS**  
**Consolidated Statements of Income**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 40,245	\$ 45,035	\$ 114,467	\$ 132,820
Debt securities	32	93	98	225
Equity securities	1,163	1,532	3,110	4,533
Federal Reserve and other short-term investments	3,598	2,802	10,078	8,374
Total interest and dividend income	45,038	49,462	127,753	145,952
Interest expense:				
Deposits	20,010	21,371	50,618	64,658
Federal Home Loan Bank and Federal Reserve Bank advances	14,042	16,610	38,208	50,361
Total interest expense	34,052	37,981	88,826	115,019
Net interest income	10,986	11,481	38,927	30,933
Provision for credit losses	241	40	847	328
Net interest income, after provision for credit losses	10,745	11,441	38,080	30,605
Other income:				
Customer service fees on deposits	131	136	410	411
Increase in cash surrender value of bank-owned life insurance	84	94	250	257
Gain on equity securities, net	486	3,442	9,424	11,876
Gain on disposal of fixed assets	44	—	44	—
Miscellaneous	59	52	176	156
Total other income	804	3,724	10,304	12,700
Operating expenses:				
Salaries and employee benefits	4,069	4,237	12,560	12,768
Occupancy and equipment	435	408	1,206	1,233
Data processing	743	793	2,142	2,286
Deposit insurance	666	743	1,906	2,372
Foreclosure and related	29	15	(19)	61
Marketing	152	141	641	417
Other general and administrative	949	978	2,913	2,699
Total operating expenses	7,043	7,315	21,349	21,836
Income before income taxes	4,506	7,850	27,035	21,469
Income tax provision	1,209	2,004	6,979	4,653
Net income	\$ 3,297	\$ 5,846	\$ 20,056	\$ 16,816
Cash dividends declared per share	\$ 0.63	\$ 0.63	\$ 1.89	\$ 1.89
Weighted average shares outstanding:				
Basic	2,151	2,180	2,149	2,177
Diluted	2,192	2,197	2,195	2,192
Earnings per share:				
Basic	\$ 1.53	\$ 2.68	\$ 9.33	\$ 7.73
Diluted	\$ 1.50	\$ 2.66	\$ 9.14	\$ 7.67

## HINGHAM INSTITUTION FOR SAVINGS

### Net Interest Income Analysis

	Three Months Ended								
	September 30, 2023			June 30, 2024			September 30, 2024		
	Average Balance (9)	Interest	Yield/ Rate (10)	Average Balance (9)	Interest	Yield/ Rate (10)	Average Balance (9)	Interest	Yield/ Rate (10)
<i>(Dollars in thousands)</i>									
<i>(Unaudited)</i>									
<b>Assets</b>									
Loans (1) (2)	\$ 3,802,045	\$ 40,245	4.23 %	\$ 3,980,111	\$ 44,665	4.49 %	\$ 3,915,967	\$ 45,035	4.56 %
Securities (3) (4)	107,432	1,195	4.45	119,477	1,638	5.48	122,715	1,625	5.25
Short-term investments (5)	264,160	3,598	5.45	202,379	2,745	5.43	207,446	2,802	5.36
Total interest-earning assets	<u>4,173,637</u>	<u>45,038</u>	<u>4.32</u>	<u>4,301,967</u>	<u>49,048</u>	<u>4.56</u>	<u>4,246,128</u>	<u>49,462</u>	<u>4.62</u>
Other assets	61,529			66,218			69,148		
Total assets	<u>\$ 4,235,166</u>			<u>\$ 4,368,185</u>			<u>\$ 4,315,276</u>		
<b>Liabilities and stockholders' equity:</b>									
Interest-bearing deposits (6)	\$ 2,200,952	20,010	3.64 %	\$ 2,149,753	22,141	4.12 %	\$ 2,071,780	21,371	4.09 %
Borrowed funds	1,261,652	14,042	4.45	1,437,335	16,539	4.60	1,449,491	16,610	4.55
Total interest-bearing liabilities	<u>3,462,604</u>	<u>34,052</u>	<u>3.93</u>	<u>3,587,088</u>	<u>38,680</u>	<u>4.31</u>	<u>3,521,271</u>	<u>37,981</u>	<u>4.28</u>
Non-interest-bearing deposits	353,543			346,663			355,768		
Other liabilities	12,958			15,503			14,577		
Total liabilities	<u>3,829,105</u>			<u>3,949,254</u>			<u>3,891,616</u>		
Stockholders' equity	406,061			418,931			423,660		
Total liabilities and stockholders' equity	<u>\$ 4,235,166</u>			<u>\$ 4,368,185</u>			<u>\$ 4,315,276</u>		
Net interest income		<u>\$ 10,986</u>			<u>\$ 10,368</u>			<u>\$ 11,481</u>	
Weighted average interest rate spread			<u>0.39 %</u>			<u>0.25 %</u>			<u>0.34 %</u>
Net interest margin (7)			<u>1.05 %</u>			<u>0.96 %</u>			<u>1.07 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>120.53 %</u>			<u>119.93 %</u>			<u>120.59 %</u>		

- (1) Before allowance for credit losses.
- (2) Includes non-accrual loans.
- (3) Excludes the impact of the average net unrealized gain or loss on securities.
- (4) Includes Federal Home Loan Bank stock.
- (5) Includes cash held at the Federal Reserve Bank.
- (6) Includes mortgagors' escrow accounts.
- (7) Net interest income divided by average total interest-earning assets.
- (8) Total interest-earning assets divided by total interest-bearing liabilities.
- (9) Average balances are calculated on a daily basis.
- (10) Annualized.



**HINGHAM INSTITUTION FOR SAVINGS**  
**Net Interest Income Analysis**

	Nine Months Ended September 30,					
	2023			2024		
	Average Balance (9)	Interest	Yield/ Rate (10)	Average Balance (9)	Interest	Yield/ Rate (10)
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 3,737,198	\$ 114,467	4.08 %	\$ 3,950,610	\$ 132,820	4.48 %
Securities (3) (4)	103,454	3,208	4.13	119,477	4,758	5.30
Short-term investments (5)	267,922	10,078	5.02	206,029	8,374	5.41
Total interest-earning assets	4,108,574	127,753	4.15	4,276,116	145,952	4.55
Other assets	57,360			66,477		
Total assets	<u>\$ 4,165,934</u>			<u>\$ 4,342,593</u>		
Interest-bearing deposits (6)	\$ 2,215,719	50,618	3.05	\$ 2,106,667	64,658	4.09
Borrowed funds	1,172,019	38,208	4.35	1,452,606	50,361	4.62
Total interest-bearing liabilities	3,387,738	88,826	3.50	3,559,273	115,019	4.30
Non-interest-bearing deposits	367,541			349,545		
Other liabilities	11,362			14,780		
Total liabilities	3,766,641			3,923,598		
Stockholders' equity	399,293			418,995		
Total liabilities and stockholders' equity	<u>\$ 4,165,934</u>			<u>\$ 4,342,593</u>		
Net interest income		<u>\$ 38,927</u>			<u>\$ 30,933</u>	
Weighted average interest rate spread			<u>0.65 %</u>			<u>0.24 %</u>
Net interest margin (7)			<u>1.26 %</u>			<u>0.96 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>121.28 %</u>			<u>120.14 %</u>		

- (1) Before allowance for credit losses.
- (2) Includes non-accrual loans.
- (3) Excludes the impact of the average net unrealized gain or loss on securities.
- (4) Includes Federal Home Loan Bank stock.
- (5) Includes cash held at the Federal Reserve Bank.
- (6) Includes mortgagors' escrow accounts.
- (7) Net interest income divided by average total interest-earning assets.
- (8) Total interest-earning assets divided by total interest-bearing liabilities.
- (9) Average balances are calculated on a daily basis.
- (10) Annualized.

## HINGHAM INSTITUTION FOR SAVINGS

### Non-GAAP Reconciliation

The Bank believes the presentation of the following non-GAAP financial measures provide useful supplemental information that is essential to an investor's proper understanding of results of operations and financial condition of the Bank. Management uses these measures in its analysis of the Bank's performance. These non-GAAP measures should not be viewed as substitutes for the financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other banks.

The table below presents the reconciliation between net income and core net income, a non-GAAP measurement that represents net income excluding the after-tax gain on equity securities and the after-tax gain on disposal of fixed assets.

<i>(In thousands, unaudited)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2024	2023	2024
Non-GAAP reconciliation:				
Net income	\$ 3,297	\$ 5,846	\$ 20,056	\$ 16,816
Gain on equity securities, net	(486)	(3,442)	(9,424)	(11,876)
Income tax expense (1)	116	759	2,086	2,618
Gain on disposal of fixed assets	(44)	—	(44)	—
Income tax expense	12	—	12	—
Core net income	\$ 2,895	\$ 3,163	\$ 12,686	\$ 7,558

(1) The equity securities are held in a tax-advantaged subsidiary corporation. The income tax effect of the gain on equity securities, net, was calculated using the effective tax rate applicable to the subsidiary.

The table below presents the calculation of the efficiency ratio, a non-U.S. GAAP performance measure that management uses to assess operational efficiency which represents total operating expenses, divided by the sum of net interest income and total other income, excluding gain on equity securities, net and gain on disposal of fixed assets.

<i>(In thousands, unaudited)</i>	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
	2023	2024	2024	2023	2024
Non-U.S. GAAP efficiency ratio calculation:					
Operating expenses	\$ 7,043	\$ 7,294	\$ 7,315	\$ 21,349	\$ 21,836
Net interest income	\$ 10,986	\$ 10,368	\$ 11,481	\$ 38,927	\$ 30,933
Other income	804	2,733	3,724	10,304	12,700
Gain on equity securities, net	(486)	(2,464)	(3,442)	(9,424)	(11,876)
Gain on disposal of fixed assets	(44)	—	—	(44)	—
Total revenue	\$ 11,260	\$ 10,637	\$ 11,763	\$ 39,763	\$ 31,757
Efficiency ratio	62.55 %	68.57 %	62.19 %	53.69 %	68.76 %