



PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)

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HINGHAM REPORTS 2023 RESULTS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced earnings for the fourth quarter and the year ended December 31, 2023.

Earnings

Net income for the year ended December 31, 2023 was \$26,371,000 or \$12.26 per share basic and \$12.02 per share diluted, as compared to \$37,519,000 or \$17.49 per share basic and \$17.04 per share diluted for the same period last year. The Bank's return on average equity for the year ended December 31, 2023 was 6.57%, and the return on average assets was 0.63%, as compared to 10.01% and 0.98% for the same period in 2022. Net income per share (diluted) for 2023 decreased by 29% over the same period in 2022.

Core net income for the year ended December 31, 2023, which represents net income excluding the after-tax gains and losses on securities, both realized and unrealized, and the after-tax gains on the disposal of fixed assets, was \$14,539,000 or \$6.76 per share basic and \$6.63 per share diluted, as compared to \$54,569,000 or \$25.44 per share basic and \$24.78 per share diluted for the same period last year. The Bank's core return on average equity for the year ended December 31, 2023 was 3.62%, and the core return on average assets was 0.35%, as compared to 14.56% and 1.43% for the same period in 2022. Core net income per share (diluted) for 2023 decreased by 73% over the same period in 2022.

Net income for the quarter ended December 31, 2023 was \$6,315,000 or \$2.93 per share basic and \$2.89 per share diluted, as compared to \$11,965,000 or \$5.58 per share basic and \$5.44 per share diluted for the same period last year. The Bank's annualized return on average equity for the fourth quarter of 2023 was 6.21%, and the annualized return on average assets was 0.59%, as compared to 12.40% and 1.18% for the same period in 2022. Net income per share (diluted) for the fourth quarter of 2023 decreased by 47% over the same period in 2022.

Core net income for the quarter ended December 31, 2023, which represents net income excluding the after-tax gains and losses on securities, both realized and unrealized, was \$1,854,000 or \$0.86 per

share basic and \$0.85 per share diluted, as compared to \$9,713,000 or \$4.53 per share basic and \$4.42 per share diluted for the same period last year. The Bank's annualized core return on average equity for the fourth quarter of 2023 was 1.82%, and the annualized core return on average assets was 0.17%, as compared to 10.07% and 0.96% for the same period in 2022. Core net income per share (diluted) for the fourth quarter of 2023 decreased by 81% over the same period in 2022.

See Page 11 for a reconciliation between Generally Accepted Accounting Principles ("GAAP") net income and core net income. In calculating core net income, the Bank did not make any adjustments other than those relating to after-tax gains and losses on equity securities, realized and unrealized and after-tax gains on the disposal of fixed assets, as applicable.

Balance Sheet

Total assets increased to \$4.484 billion at December 31, 2023, representing 7% growth from December 31, 2022.

Net loans increased to \$3.914 billion at December 31, 2023, representing 7% growth from December 31, 2022. Lending was concentrated in the Boston and Washington D.C. markets and remained focused on multifamily commercial real estate. Lending in the San Francisco Bay Area market was relatively limited in 2023; the Bank continues to evaluate new opportunities, but the Bank's customers have been less active given market conditions. As noted below, asset quality remained strong.

Retail and business deposits were \$1.861 billion at December 31, 2023, representing a 2% decline from December 31, 2022. Non-interest-bearing deposits, included in retail and business deposits, decreased to \$339.1 million at December 31, 2023, representing a 12% decline from December 31, 2022. A portion of the non-interest bearing deposits shifted towards higher-rate alternatives at the Bank. In 2023, the Bank continued to focus on developing new relationships with commercial, non-profit, and existing customers. 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, has historically been appealing to customers in times of uncertainty and helped the Bank mitigate the challenging deposit environment experienced in 2023.

Although the environment for deposit growth was a challenging one in a number of respects, it also presented significant opportunities that the Bank did not adequately capitalize on. The Bank's performance with respect to retail and commercial deposit growth in 2023 was not consistent with the Bank's historical performance. The Bank has taken a number of steps to address this matter, including hiring several new commercial relationship managers in our Specialized Deposit Group, obtaining branch powers for our Washington D.C. office, and hiring a dedicated relationship manager in San Francisco who will start in 2024.

Wholesale deposits, which include brokered and listing service time deposits, were \$488.7 million at December 31, 2023, representing a 20% decline from December 31, 2022, as the Bank continued to manage its wholesale funding mix between wholesale time deposits and Federal Home Loan Bank advances in order to mitigate the negative impact of increasing short term rates in the cost of funds. This decline in wholesale deposits was primarily driven by the decline in the Bank's listing service time deposits, as the Bank opted to replace this funding with brokered certificates of deposit and borrowings from the Federal Home Loan Bank. Pricing in the listing service market generally exceeded other wholesale funding sources during 2023.

Borrowings from the Federal Home Loan Bank totaled \$1.693 billion at December 31, 2023, representing a 33% growth from December 31, 2022. As of December 31, 2023, the Bank maintained \$598.9 million in immediately available borrowing capacity at the Federal Home Loan Bank of Boston and the Federal Reserve Bank, in addition to the \$345.0 million cash balance held at the Federal Reserve Bank. Borrowings from the Federal Home Loan Bank have always comprised a significant portion of the Bank's balance sheet.

Book value per share was \$188.50 as of December 31, 2023, representing 5% growth from December 31, 2022. In addition to the increase in book value per share, the Bank has declared \$2.52 in regular dividends per share since December 31, 2022. The trailing five year compound annual growth rate in book value per share, an important measure of long-term value creation, was 13.6%.

On January 1, 2023, the Bank adopted ASU 2016-13 - *Measurement of Credit Losses on Financial Instruments*, and recorded a one-time transition amount of \$545,000, net of taxes, as a decrease to retained earnings. This amount represents additional reserves for loans that existed upon adopting the new guidance. No reserves were recorded for unfunded commitments, based upon management's evaluation of the probability of funding and risk of loss, which indicated the required reserve was not material. The adoption of CECL did not have a material impact on the Bank's regulatory capital ratios.

Operational Performance Metrics

The net interest margin for the year ended December 31, 2023 decreased 164 basis points to 1.17%, as compared to 2.81% in the prior year. In the year ended December 31, 2023, the Bank experienced a substantial increase in the cost of interest-bearing liabilities when compared to the prior year. This was driven primarily by the repricing of the Bank's wholesale borrowings, wholesale deposits, and higher rates on the Bank's retail and commercial deposits. During this period, the increase in the cost of funds was partially offset by a higher yield on interest-earning assets, driven primarily by an increase in the yield on loans, an increase in the interest on reserves held at the Federal Reserve Bank of Boston and a higher Federal Home Loan Bank of Boston stock dividend.

The net interest margin for the quarter ended December 31, 2023 decreased 120 basis points to 0.89%, as compared to 2.09% in the same quarter in 2022. During this period, the Bank experienced a significant increase in the cost of interest-bearing liabilities when compared to the same period in the prior year, driven by the same factors described above. The higher cost of funds was partially offset by an increase in the yield on interest-earning assets, driven by the same factors described above.

In a linked quarter comparison, the net interest margin for the quarter ended December 31, 2023 decreased 16 basis points to 0.89%, as compared to 1.05% in the quarter ended September 30, 2023. This was primarily the result of the continued increase in the cost of interest-bearing liabilities. This was partially offset by an increase in the yield on loans and an increase in the interest rate on reserve balances held at the Federal Reserve Bank of Boston from the prior quarter. The increase in the yield on loans was driven by both new loan originations at higher rates and the repricing of existing adjustable rate loans. As noted in the prior quarter, the Bank has experienced declining pressure on negotiated money market deposit rates, although the market for retail CDs remains highly competitive. During the quarter, the Bank began extending some short-term borrowings slightly to capture the benefit of inversion at the front-end of the yield curve.

Key credit and operational metrics remained strong in the fourth quarter. At both December 31, 2023

and 2022, non-performing assets totaled 0.03% of total assets. Non-performing loans as a percentage of the total loan portfolio totaled 0.04% at December 31, 2023, as compared to 0.03% at December 31, 2022. The Bank had no non-performing commercial real estate loans at December 31, 2023. The Bank did not record any charge-offs during the year ended December 31, 2023, as compared to \$50,000 of net recoveries during the year ended December 31, 2022.

The Bank did not own any foreclosed property on December 31, 2023 and 2022. In the first quarter of 2023, the Bank foreclosed on a small commercial property in Massachusetts and purchased the property at auction. The Bank subsequently sold the property within the quarter and recovered all principal, interest and expenses. The Bank also recognized an additional \$85,000 gain on sale, reflected as a contra expense in foreclosure and related expense in the Consolidated Statement of Net Income.

The efficiency ratio, as defined on page 11 below, increased to 57.18% in 2023, as compared to 24.81% in 2022. Operating expenses as a percentage of average assets fell to 0.67% in 2023, as compared to 0.70% in 2022. 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.

These operational metrics reflect the Bank's disciplined focus on credit quality and expense management.

Chairman Robert H. Gaughen Jr. stated, "Returns on equity and assets in 2023 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 temporary - challenge to our business model. Our core business was particularly challenged in 2023 and our investment operations were critical to sustaining growth in book value per share this year.

We are cautiously optimistic that this challenge will fade over the coming year and may do so materially. To the extent we can capitalize on this via our wholesale funding activities, we will do so and we are seeing materially lower wholesale funding costs already in 2024. This normalization of the yield curve will eventually allow us to achieve more satisfactory returns as we obtain higher rates on new and adjusting loans and incremental funding pressure abates.

While the current market environment has been extraordinarily challenging, the Bank's business model has been built over time to compound shareholder capital over an economic cycle. 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."

The Bank's annual financial results are summarized in the earnings release, but shareholders are encouraged to read the Bank's annual report on Form 10-K, which is generally available several weeks after the earnings release. The Bank expects to file Form 10-K for the year ended December 31, 2023

with the Federal Deposit Insurance Corporation (FDIC) on or about March 6, 2024.

The Bank expects to hold its Annual Meeting of Shareholders in Hingham, Massachusetts on Thursday, April 25, 2024 in the afternoon. Additional information will follow in the Bank's Proxy Statement later in the first quarter of 2024.

Incorporated in 1834, Hingham Institution for Savings is one of America's oldest banks. The Bank maintains offices in Boston, Nantucket, and Washington, D.C., and provides commercial mortgage and banking services in the San Francisco Bay Area.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2023	2022	2023
<i>(Unaudited)</i>				
Key Performance Ratios				
Return on average assets (1)	1.18 %	0.59 %	0.98 %	0.63 %
Return on average equity (1)	12.40	6.21	10.01	6.57
Core return on average assets (1) (5)	0.96	0.17	1.43	0.35
Core return on average equity (1) (5)	10.07	1.82	14.56	3.62
Interest rate spread (1) (2)	1.67	0.17	2.60	0.53
Net interest margin (1) (3)	2.09	0.89	2.81	1.17
Operating expenses to average assets (1)	0.70	0.65	0.70	0.67
Efficiency ratio (4)	33.54	71.58	24.81	57.18
Average equity to average assets	9.50	9.49	9.81	9.56
Average interest-earning assets to average interest-bearing liabilities	123.20	120.15	124.30	120.99

	December 31,	December 31,
	2022	2023
<i>(Unaudited)</i>		
Asset Quality Ratios		
Allowance for credit losses/total loans	0.68 %	0.68 %
Allowance for credit losses/non-performing loans	2,139.39	1,804.47
Non-performing loans/total loans	0.03	0.04
Non-performing loans/total assets	0.03	0.03
Non-performing assets/total assets	0.03	0.03

Share Related		
Book value per share	\$ 179.74	\$ 188.50
Market value per share	\$ 275.96	\$ 194.40
Shares outstanding at end of period	2,147,400	2,162,400

- (1) Annualized for the three months ended December 31, 2022 and 2023.
- (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 represents total operating expenses, divided by the sum of net interest income and total other income (loss), excluding gain (loss) on equity securities, net and the after-tax 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 (loss) 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>	December 31, 2022	December 31, 2023
ASSETS		
Cash and due from banks	\$ 7,936	\$ 5,654
Federal Reserve and other short-term investments	354,097	356,823
Cash and cash equivalents	362,033	362,477
CRA investment	8,229	8,853
Other marketable equity securities	54,967	70,949
Securities, at fair value	63,196	79,802
Securities held to maturity, at amortized cost	3,500	3,500
Federal Home Loan Bank stock, at cost	52,606	69,574
Loans, net of allowance for credit losses of \$24,989 at December 31, 2022 and \$26,652 at December 31, 2023	3,657,782	3,914,244
Bank-owned life insurance	13,312	13,642
Premises and equipment, net	17,859	17,008
Accrued interest receivable	7,122	8,554
Deferred income tax asset, net	4,061	974
Other assets	12,328	14,172
Total assets	\$ 4,193,799	\$ 4,483,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
Interest-bearing deposits	\$ 2,118,045	\$ 2,010,918
Non-interest-bearing deposits	387,244	339,059
Total deposits	2,505,289	2,349,977
Federal Home Loan Bank advances	1,276,000	1,692,675
Mortgagors' escrow accounts	12,323	13,942
Accrued interest payable	4,527	12,261
Other liabilities	9,694	7,472
Total liabilities	3,807,833	4,076,327
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; 2,147,400 shares issued and outstanding at December 31, 2022 and 2,162,400 shares issued and outstanding at December 31, 2023	2,147	2,162
Additional paid-in capital	13,061	14,150
Undivided profits	370,758	391,308
Total stockholders' equity	385,966	407,620
Total liabilities and stockholders' equity	\$ 4,193,799	\$ 4,483,947

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Net Income

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2023	2022	2023
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 35,714	\$ 42,214	\$ 132,089	\$ 156,681
Debt securities	33	33	132	131
Equity securities	716	1,302	1,752	4,412
Federal Reserve and other short-term investments	2,766	2,960	5,055	13,038
Total interest and dividend income	<u>39,229</u>	<u>46,509</u>	<u>139,028</u>	<u>174,262</u>
Interest expense:				
Deposits	8,793	20,811	16,882	71,429
Federal Home Loan Bank and Federal Reserve Bank advances	9,481	16,323	16,012	54,531
Total interest expense	<u>18,274</u>	<u>37,134</u>	<u>32,894</u>	<u>125,960</u>
Net interest income	20,955	9,375	106,134	48,302
Provision for credit losses	600	271	4,508	1,118
Net interest income, after provision for credit losses	<u>20,355</u>	<u>9,104</u>	<u>101,626</u>	<u>47,184</u>
Other income (loss):				
Customer service fees on deposits	146	140	602	550
Increase in cash surrender value of bank-owned life insurance	80	80	332	330
Gain (loss) on equity securities, net	2,979	5,723	(21,777)	15,147
Gain on disposal of fixed assets	—	—	—	44
Miscellaneous	57	56	124	232
Total other income (loss)	<u>3,262</u>	<u>5,999</u>	<u>(20,719)</u>	<u>16,303</u>
Operating expenses:				
Salaries and employee benefits	4,153	3,853	15,831	16,413
Occupancy and equipment	350	422	1,378	1,628
Data processing	804	732	2,757	2,874
Deposit insurance	515	795	1,862	2,701
Foreclosure and related	19	19	24	—
Marketing	279	128	1,031	769
Other general and administrative	1,003	959	3,709	3,872
Total operating expenses	<u>7,123</u>	<u>6,908</u>	<u>26,592</u>	<u>28,257</u>
Income before income taxes	16,494	8,195	54,315	35,230
Income tax provision	4,529	1,880	16,796	8,859
Net income	<u>\$ 11,965</u>	<u>\$ 6,315</u>	<u>\$ 37,519</u>	<u>\$ 26,371</u>
Cash dividends declared per share	<u>\$ 1.26</u>	<u>\$ 0.63</u>	<u>\$ 3.03</u>	<u>\$ 2.52</u>
Weighted average shares outstanding:				
Basic	<u>2,146</u>	<u>2,157</u>	<u>2,145</u>	<u>2,151</u>
Diluted	<u>2,198</u>	<u>2,188</u>	<u>2,202</u>	<u>2,193</u>
Earnings per share:				
Basic	<u>\$ 5.58</u>	<u>\$ 2.93</u>	<u>\$ 17.49</u>	<u>\$ 12.26</u>
Diluted	<u>\$ 5.44</u>	<u>\$ 2.89</u>	<u>\$ 17.04</u>	<u>\$ 12.02</u>

HINGHAM INSTITUTION FOR SAVINGS

Net Interest Income Analysis

	December 31, 2022			Three Months Ended September 30, 2023			December 31, 2023		
	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>									
Assets									
Loans (1) (2)	\$ 3,624,745	\$ 35,714	3.94 %	\$ 3,802,045	\$ 40,245	4.23 %	\$ 3,896,425	\$ 42,214	4.33 %
Securities (3) (4)	103,033	749	2.91	107,432	1,195	4.45	111,913	1,335	4.77
Short-term investments (5)	287,286	2,766	3.85	264,160	3,598	5.45	215,323	2,960	5.50
Total interest-earning assets	<u>4,015,064</u>	<u>39,229</u>	<u>3.91</u>	<u>4,173,637</u>	<u>45,038</u>	<u>4.32</u>	<u>4,223,661</u>	<u>46,509</u>	<u>4.40</u>
Other assets	47,959			61,529			58,768		
Total assets	<u>\$ 4,063,023</u>			<u>\$ 4,235,166</u>			<u>\$ 4,282,429</u>		
Liabilities and stockholders' equity:									
Interest-bearing deposits (6)	\$ 2,221,963	8,793	1.58 %	\$ 2,200,952	20,010	3.64 %	\$ 2,119,506	20,811	3.93 %
Borrowed funds	1,036,944	9,481	3.66	1,261,652	14,042	4.45	1,395,744	16,323	4.68
Total interest-bearing liabilities	<u>3,258,907</u>	<u>18,274</u>	<u>2.24</u>	<u>3,462,604</u>	<u>34,052</u>	<u>3.93</u>	<u>3,515,250</u>	<u>37,134</u>	<u>4.23</u>
Non-interest-bearing deposits	408,951			353,543			345,743		
Other liabilities	9,282			12,958			14,843		
Total liabilities	<u>3,677,140</u>			<u>3,829,105</u>			<u>3,875,836</u>		
Stockholders' equity	<u>385,883</u>			<u>406,061</u>			<u>406,593</u>		
Total liabilities and stockholders' equity	<u>\$ 4,063,023</u>			<u>\$ 4,235,166</u>			<u>\$ 4,282,429</u>		
Net interest income		<u>\$ 20,955</u>			<u>\$ 10,986</u>			<u>\$ 9,375</u>	
Weighted average interest rate spread			<u>1.67 %</u>			<u>0.39 %</u>			<u>0.17 %</u>
Net interest margin (7)			<u>2.09 %</u>			<u>1.05 %</u>			<u>0.89 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>123.20 %</u>			<u>120.53 %</u>			<u>120.15 %</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

	Twelve Months Ended December 31,					
	2022			2023		
	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)	\$ 3,404,674	\$ 132,089	3.88 %	\$ 3,777,332	\$ 156,681	4.15 %
Securities (3) (4)	105,612	1,884	1.78	105,586	4,543	4.30
Short-term investments (5)	263,606	5,055	1.92	254,664	13,038	5.12
Total interest-earning assets	3,773,892	139,028	3.68	4,137,582	174,262	4.21
Other assets	47,772			57,715		
Total assets	\$ 3,821,664			\$ 4,195,297		
Interest-bearing deposits (6)	\$ 2,118,798	16,882	0.80 %	\$ 2,191,468	71,429	3.26 %
Borrowed funds	917,252	16,012	1.75	1,228,410	54,531	4.44
Total interest-bearing liabilities	3,036,050	32,894	1.08	3,419,878	125,960	3.68
Non-interest-bearing deposits	402,890			362,047		
Other liabilities	7,857			12,239		
Total liabilities	3,446,797			3,794,164		
Stockholders' equity	374,867			401,133		
Total liabilities and stockholders' equity	\$ 3,821,664			\$ 4,195,297		
Net interest income		\$ 106,134			\$ 48,302	
Weighted average interest rate spread			2.60 %			0.53 %
Net interest margin (7)			2.81 %			1.17 %
Average interest-earning assets to average interest-bearing liabilities (8)	124.30 %			120.99 %		

- (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 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 (loss) on equity securities, net, and after-tax gain on disposal of fixed assets.

<i>(In thousands, unaudited)</i>	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2023	2022	2023
Non-GAAP reconciliation:				
Net income	\$ 11,965	\$ 6,315	\$ 37,519	\$ 26,371
(Gain) loss on equity securities, net	(2,979)	(5,723)	21,777	(15,147)
Income tax expense (benefit) (1)	727	1,262	(4,727)	3,347
Gain on disposal of fixed assets	—	—	—	(44)
Income tax expense	—	—	—	12
Core net income	\$ 9,713	\$ 1,854	\$ 54,569	\$ 14,539

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

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

<i>(In thousands, unaudited)</i>	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2023	2022	2023
Non-U.S. GAAP efficiency ratio calculation:				
Operating expenses	\$ 7,123	\$ 6,908	\$ 26,592	\$ 28,257
Net interest income	\$ 20,955	\$ 9,375	\$106,134	\$ 48,302
Other income (loss)	3,262	5,999	(20,719)	16,303
(Gain) loss on equity securities, net	(2,979)	(5,723)	21,777	(15,147)
Gain on disposal of fixed assets	—	—	—	(44)
Total revenue	\$ 21,238	\$ 9,651	\$ 107,192	\$ 49,414
Efficiency ratio	33.54 %	71.58 %	24.81 %	57.18 %