



## PRESS RELEASE

FROM: Robert H. Gaughen, Jr., Chairman and Chief Executive Officer  
Hingham Institution for Savings  
Hingham, MA (NASDAQ: HIFS)

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CONTACT: Patrick R. Gaughen, President and Chief Operating Officer (781) 783-1761

### **HINGHAM REPORTS SECOND QUARTER 2024 RESULTS**

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

#### **Earnings**

Net income for the quarter ended June 30, 2024 was \$4,102,000 or \$1.88 per share basic and diluted, as compared to \$8,248,000 or \$3.84 per share basic and \$3.76 per share diluted for the same period last year. The Bank's annualized return on average equity for the second quarter of 2024 was 3.92%, and the annualized return on average assets was 0.38%, as compared to 8.27% and 0.80% for the same period last year. Net income per share (diluted) for the second quarter of 2024 decreased by 50% compared to the same period in 2023.

Core net income for the quarter ended June 30, 2024, which represents net income excluding the after-tax gains on equity securities, both realized and unrealized, was \$2,181,000 or \$1.00 per share basic and per share diluted, as compared to \$4,046,000 or \$1.88 per share basic and \$1.85 per share diluted for the same period last year. The Bank's annualized core return on average equity for the second quarter of 2024 was 2.08% and the annualized core return on average assets was 0.20%, as compared to 4.06% and 0.39% for the same period last year. Core net income per share (diluted) for the second quarter of 2024 decreased by 46% over the same period in 2023.

Net income for the six months ended June 30, 2024 was \$10,970,000 or \$5.04 per share basic and \$5.01 per share diluted, as compared to \$16,759,000 or \$7.80 per share basic and \$7.63 per share diluted for the same period last year. The Bank's annualized return on average equity for the first six months of 2024 was 5.27%, and the annualized return on average assets was 0.50%, as compared to 8.47% and 0.81% for the same period in 2023. Net income per share (diluted) for the first six months of 2024 decreased by 34% over the same period in 2023.

Core net income for the six months ended June 30, 2024, which represents net income excluding the after-tax gains on securities, both realized and unrealized, was \$4,395,000 or \$2.02 per share basic and \$2.01 per share diluted, as compared to \$9,791,000 or \$4.56 per share basic and \$4.46 per share diluted for the same period last year. The Bank's annualized core return on average equity for the first six months of 2024 was 2.11%, and the annualized core return on average assets was 0.20%, as

compared to 4.95% and 0.47% for the same period in 2023. Core net income per share (diluted) for the first six months of 2024 decreased by 55% 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 gains on equity securities, realized and unrealized. The Bank did not realize any equity securities gains or losses in the first six months of 2024.

## **Balance Sheet**

Total assets increased to \$4.521 billion at June 30, 2024, representing 2% annualized growth year-to-date and 5% growth from June 30, 2023.

Net loans were \$3.933 billion at June 30, 2024, representing 1% annualized growth year-to-date and 5% growth from June 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 second quarter of 2024, the Bank experienced loan prepayments more consistent with historic trends, including the completion and sale of several significant construction projects in Boston and Washington, D.C. As noted below, asset quality remained strong.

Retail and business deposits were \$1.921 billion at June 30, 2024, representing 6% annualized growth year-to-date and stable from June 30, 2023. Non-interest-bearing deposits, included in retail and business deposits, were \$343.3 million at June 30, 2024, representing 2% annualized growth year-to-date and a 6% decline from June 30, 2023.

Growth in non-interest bearing and money market balances in the first six 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 combined with changes to our marketing approach, continued to contribute to deposit growth in the second 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 \$2.146 billion at June 30, 2024, representing a 3% annualized decline year-to-date and 9% growth from June 30, 2023. In the first six 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 \$497.6 million at June 30, 2024, representing 4% annualized growth year-to-date and less than 1% growth from June 30, 2023. Borrowings from the Federal Home Loan Bank totaled \$1.649 billion at June 30, 2024, representing a 5% annualized decline from December 31, 2023, and 12% growth from June 30, 2023. As of June 30, 2024, the Bank maintained an additional \$725.9 million in immediately available borrowing

capacity at the Federal Home Loan Bank of Boston and the Federal Reserve Bank, in addition to \$369.1 million in cash and cash equivalents.

Book value per share was \$191.34 as of June 30, 2024, representing a 3% annualized growth year-to-date and 3% growth from June 30, 2023. In addition to the increase in book value per share, the Bank declared \$2.52 in dividends per share since June 30, 2023.

On June 26, 2024, the Bank declared a regular cash dividend of \$0.63 per share. This dividend will be paid on August 7, 2024 to stockholders of record as of July 29, 2024. This was the Bank's 122nd 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 June 30, 2024 increased 11 basis points to 0.96%, as compared to 0.85% in the quarter ended March 31, 2024. This reflected a gradual improvement throughout the second quarter and it was the first quarter the net interest margin expanded since the Federal Reserve began raising short-term interest rates in early 2022. This improvement was primarily the result of an increase in the yield on earning assets, as the cost of interest-bearing liabilities remained relatively stable when compared to the prior quarter. The 13 basis points increase in the yield on earning assets was driven primarily by a higher yield on loans, reflecting both an increase in average loan rate - as the Bank continued to originate loans at higher rates and reprice existing loans, as well as higher loan fees. The cost of interest-bearing liabilities was up one basis point, as the pace of increase in the Bank's deposit costs has slowed or reversed in some products and the Bank continued to take advantage of the inverted yield curve by adding lower rate FHLB advances. The net interest margin in the final month of the second quarter of 2024 was 1.03% annualized.

Key credit and operational metrics remained strong in the second quarter of 2024. At June 30, 2024, non-performing assets totaled 0.04% of total assets, compared to 0.03% at December 31, 2023 and 0.00% at June 30, 2023. Non-performing loans as a percentage of the total loan portfolio totaled 0.04% at June 30, 2024, compared to 0.04% at December 31, 2023 and 0.00% at June 30, 2023. The Bank did not record any charge-offs in the first six 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 June 30, 2024, December 31, 2023, or June 30, 2023. The Bank did not own any foreclosed property as of June 30, 2024, December 31, 2023 or June 30, 2023.

The efficiency ratio, as defined on page 5 below, decreased to 68.57% for the second quarter of 2024, as compared to 77.24% in the prior quarter, but increased when compared to 55.03% for the same period last year. Operating expenses as a percentage of average assets fell to 0.67% for the second quarter of 2024, as compared to 0.71% for 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 second 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 growth in book value per share in this environment.

This challenge will begin to fade this year, as our assets continue to reprice. Where the yield curve remains inverted, we will continue to capitalize on it via our wholesale funding activities.

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 we begin to emerge from this challenge.”

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 June 30, 2024 with the Federal Deposit Insurance Corporation (FDIC) on or about August 7, 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**

|   | Three Months Ended |               | Six Months Ended |               |
|---|--------------------|---------------|------------------|---------------|
|   | June 30,           |               | June 30,         |               |
|   | 2023               | 2024          | 2023             | 2024          |
| <i>(Unaudited)</i>  |                    |               |                  |               |
| <b>Key Performance Ratios</b>   |                    |               |                  |               |
| Return on average assets (1)  | 0.80 %             | <b>0.38 %</b> | 0.81 %           | <b>0.50 %</b> |
| Return on average equity (1)  | 8.27               | <b>3.92</b>   | 8.47             | <b>5.27</b>   |
| Core return on average assets (1) (5)                                   | 0.39               | <b>0.20</b>   | 0.47             | <b>0.20</b>   |
| Core return on average equity (1) (5)                                   | 4.06               | <b>2.08</b>   | 4.95             | <b>2.11</b>   |
| Interest rate spread (1) (2)  | 0.66               | <b>0.25</b>   | 0.79             | <b>0.19</b>   |
| Net interest margin (1) (3)   | 1.28               | <b>0.96</b>   | 1.37             | <b>0.91</b>   |
| Operating expenses to average assets (1)                                | 0.71               | <b>0.67</b>   | 0.69             | <b>0.67</b>   |
| Efficiency ratio (4)  | 55.03              | <b>68.57</b>  | 50.19            | <b>72.63</b>  |
| Average equity to average assets  | 9.66               | <b>9.59</b>   | 9.58             | <b>9.56</b>   |
| Average interest-earning assets to average interest-bearing liabilities | 121.66             | <b>119.93</b> | 121.67           | <b>119.92</b> |

|  | June 30,  | December 31, | June 30,         |
|--|-----------|--------------|------------------|
|  | 2023      | 2023         | 2024             |
| <i>(Unaudited)</i>                               |           |              |                  |
| <b>Asset Quality Ratios</b>                      |           |              |                  |
| Allowance for credit losses/total loans          | 0.69 %    | 0.68 %       | <b>0.68 %</b>    |
| Allowance for credit losses/non-performing loans | 15,376.47 | 1,804.47     | <b>1,577.28</b>  |
| Non-performing loans/total loans                 | —         | 0.04         | <b>0.04</b>      |
| Non-performing loans/total assets                | —         | 0.03         | <b>0.04</b>      |
| Non-performing assets/total assets               | —         | 0.03         | <b>0.04</b>      |
| <b>Share Related</b>                             |           |              |                  |
| Book value per share                             | \$ 185.94 | \$ 188.50    | <b>\$ 191.34</b> |
| Market value per share                           | \$ 213.18 | \$ 194.40    | <b>\$ 178.88</b> |
| Shares outstanding at end of period              | 2,150,400 | 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.

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

# HINGHAM INSTITUTION FOR SAVINGS

## Consolidated Balance Sheets

| <i>(In thousands, except share amounts)</i><br><i>(Unaudited)</i>  | <u>June 30,</u><br><u>2023</u> | <u>December 31,</u><br><u>2023</u> | <u>June 30,</u><br><u>2024</u> |
|--|--------------------------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>  |                                |                                    |                                |
| Cash and due from banks  | \$ 6,764                       | \$ 5,654                           | \$ 5,990                       |
| Federal Reserve and other short-term investments   | 347,320                        | 356,823                            | 363,151                        |
| Cash and cash equivalents  | <u>354,084</u>                 | <u>362,477</u>                     | <u>369,141</u>                 |
| CRA investment   | 8,229                          | 8,853                              | 8,722                          |
| Other marketable equity securities   | 65,744                         | 70,949                             | 83,860                         |
| Securities, at fair value  | <u>73,973</u>                  | <u>79,802</u>                      | <u>92,582</u>                  |
| Securities held to maturity, at amortized cost   | 3,500                          | 3,500                              | 6,493                          |
| Federal Home Loan Bank stock, at cost  | 60,897                         | 69,574                             | 66,189                         |
| Loans, net of allowance for credit losses of \$26,140<br>at June 30, 2023, \$26,652 at December 31, 2023<br>and \$26,940 at June 30, 2024  | 3,761,572                      | 3,914,244                          | 3,933,419                      |
| Bank-owned life insurance  | 13,478                         | 13,642                             | 13,805                         |
| Premises and equipment, net  | 18,383                         | 17,008                             | 16,676                         |
| Accrued interest receivable  | 7,388                          | 8,554                              | 9,082                          |
| Deferred income tax asset, net   | 2,236                          | 974                                | —                              |
| Other assets   | 15,216                         | 14,172                             | 13,344                         |
| Total assets   | <u>\$ 4,310,727</u>            | <u>\$ 4,483,947</u>                | <u>\$ 4,520,731</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                |                                    |                                |
| Interest-bearing deposits  | \$ 2,049,918                   | \$ 2,010,918                       | \$ 2,075,002                   |
| Non-interest-bearing deposits  | 363,827                        | 339,059                            | 343,262                        |
| Total deposits   | <u>2,413,745</u>               | <u>2,349,977</u>                   | <u>2,418,264</u>               |
| Federal Home Loan Bank advances  | 1,470,000                      | 1,692,675                          | 1,648,675                      |
| Mortgagors' escrow accounts  | 13,248                         | 13,942                             | 14,577                         |
| Accrued interest payable   | 6,355                          | 12,261                             | 12,242                         |
| Deferred income tax liability, net   | —                              | —                                  | 989                            |
| Other liabilities  | 7,526                          | 7,472                              | 8,806                          |
| Total liabilities  | <u>3,910,874</u>               | <u>4,076,327</u>                   | <u>4,103,553</u>               |
| Stockholders' equity:  |                                |                                    |                                |
| Preferred stock, \$1.00 par value,<br>2,500,000 shares authorized, none issued   | —                              | —                                  | —                              |
| Common stock, \$1.00 par value, 5,000,000 shares<br>authorized; 2,150,400 shares issued and outstanding at June<br>30, 2023, 2,162,400 shares issued and outstanding at<br>December 31, 2023 and 2,180,250 shares issued and<br>outstanding at June 30, 2024 | 2,150                          | 2,162                              | 2,180                          |
| Additional paid-in capital   | 13,288                         | 14,150                             | 15,467                         |
| Undivided profits  | 384,415                        | 391,308                            | 399,531                        |
| Total stockholders' equity   | <u>399,853</u>                 | <u>407,620</u>                     | <u>417,178</u>                 |
| Total liabilities and stockholders' equity   | <u>\$ 4,310,727</u>            | <u>\$ 4,483,947</u>                | <u>\$ 4,520,731</u>            |

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

|   | Three Months Ended |                 | Six Months Ended |                  |
|---|--------------------|-----------------|------------------|------------------|
|   | June 30,           |                 | June 30,         |                  |
|   | 2023               | 2024            | 2023             | 2024             |
| <i>(In thousands, except per share amounts)</i>               |                    |                 |                  |                  |
| <i>(Unaudited)</i>  |                    |                 |                  |                  |
| Interest and dividend income:                                 |                    |                 |                  |                  |
| Loans   | \$ 37,806          | \$ 44,665       | \$ 74,222        | \$ 87,785        |
| Debt securities   | 33                 | 87              | 66               | 132              |
| Equity securities   | 1,044              | 1,551           | 1,947            | 3,001            |
| Federal Reserve and other short-term investments              | 3,106              | 2,745           | 6,480            | 5,572            |
| Total interest and dividend income                            | <u>41,989</u>      | <u>49,048</u>   | <u>82,715</u>    | <u>96,490</u>    |
| Interest expense:   |                    |                 |                  |                  |
| Deposits  | 16,808             | 22,141          | 30,608           | 43,287           |
| Federal Home Loan Bank and Federal Reserve Bank advances      | 12,151             | 16,539          | 24,166           | 33,751           |
| Total interest expense  | <u>28,959</u>      | <u>38,680</u>   | <u>54,774</u>    | <u>77,038</u>    |
| Net interest income   | 13,030             | 10,368          | 27,941           | 19,452           |
| Provision for credit losses                                   | 450                | 180             | 606              | 288              |
| Net interest income, after provision for credit losses        | <u>12,580</u>      | <u>10,188</u>   | <u>27,335</u>    | <u>19,164</u>    |
| Other income:   |                    |                 |                  |                  |
| Customer service fees on deposits                             | 141                | 138             | 279              | 275              |
| Increase in cash surrender value of bank-owned life insurance | 83                 | 82              | 166              | 163              |
| Gain on equity securities, net                                | 5,390              | 2,464           | 8,938            | 8,434            |
| Miscellaneous   | 54                 | 49              | 117              | 104              |
| Total other income  | <u>5,668</u>       | <u>2,733</u>    | <u>9,500</u>     | <u>8,976</u>     |
| Operating expenses:   |                    |                 |                  |                  |
| Salaries and employee benefits                                | 4,185              | 4,234           | 8,491            | 8,531            |
| Occupancy and equipment                                       | 380                | 394             | 771              | 825              |
| Data processing   | 746                | 738             | 1,399            | 1,493            |
| Deposit insurance   | 590                | 819             | 1,240            | 1,629            |
| Foreclosure and related                                       | 26                 | 14              | (48)             | 46               |
| Marketing   | 277                | 187             | 489              | 276              |
| Other general and administrative                              | 1,120              | 908             | 1,964            | 1,721            |
| Total operating expenses                                      | <u>7,324</u>       | <u>7,294</u>    | <u>14,306</u>    | <u>14,521</u>    |
| Income before income taxes                                    | 10,924             | 5,627           | 22,529           | 13,619           |
| Income tax provision  | 2,676              | 1,525           | 5,770            | 2,649            |
| Net income  | <u>\$ 8,248</u>    | <u>\$ 4,102</u> | <u>\$ 16,759</u> | <u>\$ 10,970</u> |
| Cash dividends declared per share                             | <u>\$ 0.63</u>     | <u>\$ 0.63</u>  | <u>\$ 1.26</u>   | <u>\$ 1.26</u>   |
| Weighted average shares outstanding:                          |                    |                 |                  |                  |
| Basic   | <u>2,149</u>       | <u>2,180</u>    | <u>2,148</u>     | <u>2,175</u>     |
| Diluted   | <u>2,191</u>       | <u>2,186</u>    | <u>2,196</u>     | <u>2,189</u>     |
| Earnings per share:   |                    |                 |                  |                  |
| Basic   | <u>\$ 3.84</u>     | <u>\$ 1.88</u>  | <u>\$ 7.80</u>   | <u>\$ 5.04</u>   |
| Diluted   | <u>\$ 3.76</u>     | <u>\$ 1.88</u>  | <u>\$ 7.63</u>   | <u>\$ 5.01</u>   |

## HINGHAM INSTITUTION FOR SAVINGS

### Net Interest Income Analysis

|   | Three Months Ended     |                  |                     |                        |                 |                     |                        |                  |                     |
|---|------------------------|------------------|---------------------|------------------------|-----------------|---------------------|------------------------|------------------|---------------------|
|   | June 30, 2023          |                  |                     | March 31, 2024         |                 |                     | June 30, 2024          |                  |                     |
|   | Average<br>Balance (9) | Interest         | Yield/<br>Rate (10) | Average<br>Balance (9) | Interest        | Yield/<br>Rate (10) | Average<br>Balance (9) | Interest         | Yield/<br>Rate (10) |
| <i>(Dollars in thousands)</i>   |                        |                  |                     |                        |                 |                     |                        |                  |                     |
| <i>(Unaudited)</i>  |                        |                  |                     |                        |                 |                     |                        |                  |                     |
| <b>Assets</b>   |                        |                  |                     |                        |                 |                     |                        |                  |                     |
| Loans (1) (2)   | \$ 3,725,717           | \$ 37,806        | 4.06 %              | \$ 3,956,135           | \$ 43,120       | 4.36 %              | \$ 3,980,111           | \$ 44,665        | 4.49 %              |
| Securities (3) (4)  | 103,153                | 1,077            | 4.18                | 116,203                | 1,495           | 5.15                | 119,477                | 1,638            | 5.48                |
| Short-term investments (5)  | 245,426                | 3,106            | 5.06                | 208,245                | 2,827           | 5.43                | 202,379                | 2,745            | 5.43                |
| Total interest-earning assets   | <u>4,074,296</u>       | <u>41,989</u>    | <u>4.12</u>         | <u>4,280,583</u>       | <u>47,442</u>   | <u>4.43</u>         | <u>4,301,967</u>       | <u>49,048</u>    | <u>4.56</u>         |
| Other assets  | 56,658                 |                  |                     | 64,034                 |                 |                     | 66,218                 |                  |                     |
| Total assets  | <u>\$ 4,130,954</u>    |                  |                     | <u>\$ 4,344,617</u>    |                 |                     | <u>\$ 4,368,185</u>    |                  |                     |
| <b>Liabilities and stockholders' equity:</b>                                |                        |                  |                     |                        |                 |                     |                        |                  |                     |
| Interest-bearing deposits (6)   | \$ 2,196,558           | 16,808           | 3.06 %              | \$ 2,098,851           | 21,146          | 4.03 %              | \$ 2,149,753           | 22,141           | 4.12 %              |
| Borrowed funds  | 1,152,473              | 12,151           | 4.22                | 1,471,027              | 17,212          | 4.68                | 1,437,335              | 16,539           | 4.60                |
| Total interest-bearing liabilities  | <u>3,349,031</u>       | <u>28,959</u>    | <u>3.46</u>         | <u>3,569,878</u>       | <u>38,358</u>   | <u>4.30</u>         | <u>3,587,088</u>       | <u>38,680</u>    | <u>4.31</u>         |
| Non-interest-bearing deposits   | 371,262                |                  |                     | 346,136                |                 |                     | 346,663                |                  |                     |
| Other liabilities   | 11,636                 |                  |                     | 14,261                 |                 |                     | 15,503                 |                  |                     |
| Total liabilities   | <u>3,731,929</u>       |                  |                     | <u>3,930,275</u>       |                 |                     | <u>3,949,254</u>       |                  |                     |
| Stockholders' equity  | 399,025                |                  |                     | 414,342                |                 |                     | 418,931                |                  |                     |
| Total liabilities and stockholders' equity                                  | <u>\$ 4,130,954</u>    |                  |                     | <u>\$ 4,344,617</u>    |                 |                     | <u>\$ 4,368,185</u>    |                  |                     |
| Net interest income   |                        | <u>\$ 13,030</u> |                     |                        | <u>\$ 9,084</u> |                     |                        | <u>\$ 10,368</u> |                     |
| Weighted average interest rate spread                                       |                        |                  | <u>0.66 %</u>       |                        |                 | <u>0.13 %</u>       |                        |                  | <u>0.25 %</u>       |
| Net interest margin (7)   |                        |                  | <u>1.28 %</u>       |                        |                 | <u>0.85 %</u>       |                        |                  | <u>0.96 %</u>       |
| Average interest-earning assets to average interest-bearing liabilities (8) | <u>121.66 %</u>        |                  |                     | <u>119.91 %</u>        |                 |                     | <u>119.93 %</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**

|   | Six Months Ended June 30, |           |                     |                        |           |                     |
|---|---------------------------|-----------|---------------------|------------------------|-----------|---------------------|
|   | 2023                      |           |                     | 2024                   |           |                     |
|   | Average<br>Balance (9)    | Interest  | Yield/<br>Rate (10) | Average<br>Balance (9) | Interest  | Yield/<br>Rate (10) |
| <i>(Dollars in thousands)</i>   |                           |           |                     |                        |           |                     |
| <i>(Unaudited)</i>  |                           |           |                     |                        |           |                     |
| Loans (1) (2)   | \$ 3,704,236              | \$ 74,222 | 4.01 %              | \$ 3,968,123           | \$ 87,785 | 4.42 %              |
| Securities (3) (4)  | 101,432                   | 2,013     | 3.97                | 117,840                | 3,133     | 5.32                |
| Short-term investments (5)  | 269,834                   | 6,480     | 4.80                | 205,312                | 5,572     | 5.43                |
| Total interest-earning assets   | 4,075,502                 | 82,715    | 4.06                | 4,291,275              | 96,490    | 4.50                |
| Other assets  | 55,242                    |           |                     | 65,126                 |           |                     |
| Total assets  | \$ 4,130,744              |           |                     | \$ 4,356,401           |           |                     |
| Interest-bearing deposits (6)   | \$ 2,223,225              | 30,608    | 2.75                | \$ 2,124,302           | 43,287    | 4.08                |
| Borrowed funds  | 1,126,459                 | 24,166    | 4.29                | 1,454,181              | 33,751    | 4.64                |
| Total interest-bearing liabilities  | 3,349,684                 | 54,774    | 3.27                | 3,578,483              | 77,038    | 4.31                |
| Non-interest-bearing deposits   | 374,656                   |           |                     | 346,399                |           |                     |
| Other liabilities   | 10,551                    |           |                     | 14,882                 |           |                     |
| Total liabilities   | 3,734,891                 |           |                     | 3,939,764              |           |                     |
| Stockholders' equity  | 395,853                   |           |                     | 416,637                |           |                     |
| Total liabilities and stockholders' equity                                  | \$ 4,130,744              |           |                     | \$ 4,356,401           |           |                     |
| Net interest income   |                           | \$ 27,941 |                     |                        | \$ 19,452 |                     |
| Weighted average interest rate spread                                       |                           |           | 0.79 %              |                        |           | 0.19 %              |
| Net interest margin (7)   |                           |           | 1.37 %              |                        |           | 0.91 %              |
| Average interest-earning assets to average interest-bearing liabilities (8) | 121.67 %                  |           |                     | 119.92 %               |           |                     |

- (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 on equity securities.

| <i>(In thousands, unaudited)</i> | Three Months Ended |          | Six Months Ended |           |
|----------------------------------|--------------------|----------|------------------|-----------|
|                                  | June 30,           |          | June 30,         |           |
|                                  | 2023               | 2024     | 2023             | 2024      |
| Non-GAAP reconciliation:         |                    |          |                  |           |
| Net income                       | \$ 8,248           | \$ 4,102 | \$ 16,759        | \$ 10,970 |
| Gain on equity securities, net   | (5,390)            | (2,464)  | (8,938)          | (8,434)   |
| Income tax expense (1)           | 1,188              | 543      | 1,970            | 1,859     |
| Core net income                  | \$ 4,046           | \$ 2,181 | \$ 9,791         | \$ 4,395  |

(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.

| <i>(In thousands, unaudited)</i>            | Three Months Ended |           |           | Six Months Ended |           |
|---|--------------------|-----------|-----------|------------------|-----------|
|   | June 30,           | March 31, | June 30,  | June 30,         |           |
|   | 2023               | 2024      | 2024      | 2023             | 2024      |
| Non-U.S. GAAP efficiency ratio calculation: |                    |           |           |                  |           |
| Operating expenses                          | \$ 7,324           | \$ 7,227  | \$ 7,294  | \$ 14,306        | \$ 14,521 |
| Net interest income                         | \$ 13,030          | \$ 9,084  | \$ 10,368 | \$ 27,941        | \$ 19,452 |
| Other income                                | 5,668              | 6,244     | 2,733     | 9,500            | 8,976     |
| Gain on equity securities, net              | (5,390)            | (5,971)   | (2,464)   | (8,938)          | (8,434)   |
| Total revenue                               | \$ 13,308          | \$ 9,357  | \$ 10,637 | \$ 28,503        | \$ 19,994 |
| Efficiency ratio                            | 55.03 %            | 77.24 %   | 68.57 %   | 50.19 %          | 72.63 %   |