



PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)
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HINGHAM REPORTS THIRD QUARTER 2026 RESULTS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts, announced results for the quarter ended September 30, 2026.

Earnings

Net income for the quarter ended September 30, 2026 was \$12,674,000 or \$5.76 per share basic and \$5.72 per share diluted, as compared to \$17,295,000 or \$7.93 per share basic and \$7.85 per share diluted for the same period last year. The Bank's annualized return on average equity for the third quarter of 2026 was 9.74%, and the annualized return on average assets was 1.11%, as compared to 15.15% and 1.54% for the same period last year. Net income per share (diluted) for the third quarter of 2026 decreased by 27.1% compared to the same period in 2025.

Core net income for the quarter ended September 30, 2026, which represents net income excluding the after-tax net gain on equity securities, both realized and unrealized, was \$11,895,000 or \$5.41 per share basic and \$5.37 per share diluted, as compared to \$8,509,000 or \$3.90 per share basic and \$3.86 per share diluted for the same period last year. The Bank's annualized core return on average equity for the third quarter of 2026 was 9.15%, and the annualized core return on average assets was 1.04%, as compared to 7.45% and 0.76% for the same period last year. Core net income per share (diluted) for the third quarter of 2026 increased by 39.1% compared to the same period in 2025.

Net income for the nine months ended September 30, 2026 was \$40,968,000 or \$18.68 per share basic and \$18.51 per share diluted, as compared to \$33,833,000 or \$15.51 per share basic and \$15.37 per share diluted for the same period last year. The Bank's annualized return on average equity for the first nine months of 2026 was 10.86%, and the annualized return on average assets was 1.20%, as compared to 10.07% and 1.01% for the same period in 2025. Net income per share (diluted) for the first nine months of 2026 increased by 20.4% over the same period in 2025.

Core net income for the nine months ended September 30, 2026, which represents net income excluding the after-tax net gain on equity securities, both realized and unrealized, was \$33,147,000 or

\$15.11 per share basic and \$14.98 per share diluted, as compared to \$22,087,000 or \$10.13 per share basic and \$10.03 per share diluted for the same period last year. The Bank's annualized core return on average equity for the first nine months of 2026 was 8.79%, and the annualized core return on average assets was 0.97%, as compared to 6.57% and 0.66% for the same period in 2025. Core net income per share (diluted) for the first nine months of 2026 increased by 49.4% over the same period in 2025.

See page 11 for a reconciliation between United States Generally Accepted Accounting Principles ("GAAP") net income and non-GAAP core net income. Under changes made to GAAP effective in 2018, gains and losses on equity securities, net of tax, realized and unrealized, are recognized in the Consolidated Statements of Income. In calculating core net income, the Bank did not make any adjustments other than those relating to the after-tax net gain on equity securities, both realized and unrealized.

Balance Sheet

Total assets increased to \$4.581 billion at September 30, 2026, representing 1.1% annualized growth year-to-date and a 1.1% increase from September 30, 2025.

Net loans increased to \$3.918 billion at September 30, 2026, representing 0.6% annualized growth year-to-date and a 0.1% increase from September 30, 2025.

Retail and commercial deposits were \$2.084 billion at September 30, 2026, representing 1.9% annualized growth year-to-date and a 4.7% increase from September 30, 2025.

Non-interest-bearing deposits, included in retail and commercial deposits, were \$520.2 million at September 30, 2026, representing 15.0% annualized growth year-to-date and 20.2% growth from September 30, 2025.

Growth in non-interest-bearing deposits in the third quarter of 2026 and over the last two years reflects the Bank's focus on developing and deepening deposit relationships with new and existing commercial, institutional, and non-profit customers. The Bank continues to invest in its Specialized Deposit Group, actively recruiting for talented relationship managers in Boston, Washington, D.C., and San Francisco. The Bank has also established a dedicated Foreign Mission Group focused on its diplomatic customers, building on several years of growth and experience. This group consists of existing staff, along with new relationship managers who will be joining the Bank in October and November with significant experience serving these clients.

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 appeal to customers.

Wholesale funds, which include Federal Home Loan Bank ("FHLB") borrowings, brokered deposits, and Internet listing service time deposits, were \$1.930 billion at September 30, 2026, representing a 1.8% annualized decline year-to-date and a 5.0% decline from September 30, 2025, as the Bank replaced these funds with retail and commercial deposits over the last year.

In the first nine months of 2026, the Bank continued to manage its wholesale funding mix to minimize the cost of funds in the current environment, while continuing to replace maturing longer-term liabilities. Wholesale deposits, which include brokered and Internet listing service time deposits, were \$514.7 million at September 30, 2026, representing 6.1% annualized growth year-to-date and 1.8% growth from September 30, 2025. Borrowings from the FHLB totaled \$1.415 billion at September 30, 2026, representing a 4.4% annualized decline year-to-date and a 7.3%

decline from September 30, 2025. As of September 30, 2026, the Bank maintained an additional \$957.8 million in immediately available borrowing capacity at the FHLB of Boston and the Federal Reserve Bank (“FRB”), in addition to \$366.3 million in cash and cash equivalents.

Book value per share was \$235.93 as of September 30, 2026, representing 9.8% annualized growth year-to-date and 11.5% growth from September 30, 2025. In addition to the increase in book value per share, the Bank has declared \$3.22 in dividends per share since September 30, 2025.

On September 30, 2026, the Bank declared a regular cash dividend of \$0.63 per share. This dividend will be paid on November 12, 2026, to stockholders of record as of November 2, 2026. This will be the Bank’s 131st consecutive quarterly dividend. The Bank has also declared special cash dividends in twenty-nine of the last thirty-one years, typically in the fourth quarter.

The Bank regularly evaluates capital allocation options, including organic growth, special dividends, and share repurchases in light of the prospective return of such options. The Bank received regulatory approval in December 2025 for a share repurchase program of \$20.0 million. This approval expires on December 4, 2026. As of September 30, 2026, no shares had been repurchased under this program and the Bank is under no obligation to repurchase shares at all. The consideration of these options may result in special dividends, if any, significantly above or below the regular quarterly dividend.

Operational Performance Metrics

The net interest margin for the quarter ended September 30, 2026 increased 9 basis points to 2.23%, as compared to 2.14% in the quarter ended June 30, 2026. This improvement was primarily driven by an increase in the yield on interest-earning assets, as the benefit of non-interest-bearing deposit growth on the cost of funds was offset by a 1 basis point increase in the rate on interest-bearing liabilities. The yield on interest-earning assets increased by 8 basis points in the third quarter of 2026, driven primarily by a higher yield on loans, as the Bank continued to originate and reprice existing adjustable-rate loans at higher rates, partially offset by a lower dividend on FHLB stock.

The net interest margin for the quarter ended September 30, 2026 increased 49 basis points to 2.23%, as compared to 1.74% for the same period last year. The Bank experienced significant growth in non-interest-bearing deposits and a significant decline in the cost of interest-bearing liabilities when compared to the prior year. This was driven primarily by the repricing of the Bank’s funding sources, as the Bank continued to reduce retail and commercial deposit rates and to take advantage of the inverted yield curve — over most of the last twelve months — by replacing maturing FHLB advances and brokered deposits at lower rates. During this period, the yield on interest-earning assets increased, driven primarily by an increase in the yield on loans, partially offset by lower yields on cash held at the FRB and a lower dividend on FHLB stock.

Key credit and operational metrics were mixed in the third quarter of 2026. At September 30, 2026, non-performing assets, which included three loans secured by real estate and six properties held in other real estate owned, totaled 0.89% of total assets, compared to 0.69% at December 31, 2025 and 0.71% at September 30, 2025. Non-performing loans as a percentage of the total loan portfolio totaled 0.93% at September 30, 2026, compared to 0.80% at December 31, 2025 and 0.81% at September 30, 2025. The Bank did not record any charge-offs in the first nine months of 2026 or 2025.

Non-performing loans and non-performing asset activity included the following during the third quarter of 2026:

- Non-performing loans at both June 30, 2026 and September 30, 2026 included a commercial real estate loan with an outstanding balance of \$30.6 million, which is secured by an entitled site for a significant multifamily development in Washington, D.C. and has an associated conditional guarantee from a large national homebuilder and an affordable housing developer. The Bank continues to work actively to identify a resolution that protects the Bank's interests. The Bank's allowance for credit losses as of September 30, 2026 includes a \$3.0 million specific reserve allocated to this credit.
- Non-performing loans at September 30, 2026 included a commercial real estate loan with an outstanding balance of \$6.2 million, secured by six multifamily buildings located in Washington, D.C. Although the loan was less than 90 days past due, management placed it on non-accrual status as foreclosure is probable. The Bank does not anticipate a principal loss associated with this loan.
- Non-performing assets at both June 30, 2026 and September 30, 2026 included other real estate owned associated with a borrower specializing in affordable housing in Washington, D.C. Following litigation, the Bank obtained two multifamily properties and seven single-family properties in the spring of 2026. All properties were subsequently listed for sale, and the Bank has sold three of the seven single-family properties. The Bank is actively marketing the remaining properties for sale and remains engaged with interested buyers.
- Non-performing loans at both June 30, 2026 and September 30, 2026 included a small residential real estate loan.

The efficiency ratio, as defined on page 11 below, decreased to 32.81% for the third quarter of 2026, as compared to 37.46% in the prior quarter and 38.26% for the same period last year. Operating expenses as a percentage of average assets were 0.73% for the third quarter of 2026, as compared to 0.79% for the prior quarter and 0.67% for the same period last year. The decrease versus the prior quarter reflects a Fiserv online banking termination fee incurred in the prior quarter. 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 overstate 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.

Chairman Robert H. Gaughen, Jr. stated, "Our core returns on average equity and average assets continue to improve materially over time, driven by sustained expansion in the net interest margin through asset repricing and falling funding costs. Growth in non-interest-bearing deposits has been an important driver of improving funding costs and will be a key driver of returns in an environment in which quality loan origination opportunities are more limited and other funding sources remain comparatively more expensive. Both core and GAAP returns remain somewhat below our long-term performance and our expectations for the business, although core returns are approaching acceptable performance levels. Our operational leverage remains critical to generating satisfactory returns and we remain focused on rigorous cost control and continuous operational improvement.

In any given period, our GAAP returns on average equity and average assets may be positively or negatively affected by the performance of our investment portfolio, composed of long-term holdings in financial services and technology companies. Over time, these holdings have contributed meaningfully to growth in book value and we continue to identify opportunities to commit additional capital in this portfolio.

The Bank's business model has been built to compound shareholder capital over the long term. We remain focused on careful capital allocation, defensive underwriting and rigorous 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.”

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, 2026 with the Federal Deposit Insurance Corporation (FDIC) on or about November 4, 2026.

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 September 30,		Nine Months Ended September 30,	
	2025	2026	2025	2026
<i>(Unaudited)</i>				
Key Performance Ratios				
Return on average assets (1)	1.54 %	1.11 %	1.01 %	1.20 %
Return on average equity (1)	15.15	9.74	10.07	10.86
Core return on average assets (1) (5)	0.76	1.04	0.66	0.97
Core return on average equity (1) (5)	7.45	9.15	6.57	8.79
Interest rate spread (1) (2)	1.04	1.50	0.93	1.43
Net interest margin (1) (3)	1.74	2.23	1.63	2.13
Operating expenses to average assets (1)	0.67	0.73	0.67	0.74
Efficiency ratio (4)	38.26	32.81	41.51	35.01
Average equity to average assets	10.14	11.37	10.06	11.07
Average interest-earning assets to average interest-bearing liabilities	123.12	127.30	122.78	126.27

	September 30, 2025	December 31, 2025	September 30, 2026
<i>(Unaudited)</i>			
Asset Quality Ratios			
Allowance for credit losses/total loans	0.71 %	0.73 %	0.77 %
Allowance for credit losses/non-performing loans	87.32	91.46	82.11
Non-performing loans/total loans	0.81	0.80	0.93
Non-performing loans/total assets	0.71	0.69	0.80
Non-performing assets/total assets	0.71	0.69	0.89
Share Related			
Book value per share	\$ 211.67	\$ 219.82	\$ 235.93
Market value per share	\$ 263.78	\$ 283.96	\$ 282.59
Shares outstanding at end of period	2,181,250	2,182,250	2,200,250

(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 the net gain on equity securities, both realized and unrealized.

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

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Balance Sheets

<i>(In thousands, except share amounts)</i> <i>(Unaudited)</i>	September 30, 2025	December 31, 2025	September 30, 2026
ASSETS			
Cash and due from banks	\$ 6,809	\$ 6,683	\$ 4,811
Federal Reserve and other short-term investments	353,216	362,925	361,457
Cash and cash equivalents	<u>360,025</u>	<u>369,608</u>	<u>366,268</u>
CRA investment	9,012	9,050	8,619
Other marketable equity securities	125,098	141,294	156,223
Securities, at fair value	<u>134,110</u>	<u>150,344</u>	<u>164,842</u>
Securities held to maturity, at amortized cost	6,494	7,499	9,500
Federal Home Loan Bank stock, at cost	63,117	61,987	59,685
Loans, net of allowance for credit losses of \$28,005 at September 30, 2025, \$28,555 at December 31, 2025 and \$30,255 at September 30, 2026	3,913,774	3,899,008	3,917,985
Other real estate owned	—	—	4,064
Bank-owned life insurance	14,236	14,318	14,569
Premises and equipment, net	16,005	15,911	15,555
Accrued interest receivable	8,856	9,213	9,575
Other assets	14,608	14,766	19,099
Total assets	<u>\$ 4,531,225</u>	<u>\$ 4,542,654</u>	<u>\$ 4,581,142</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing deposits	\$ 2,063,303	\$ 2,080,661	\$ 2,079,269
Non-interest-bearing deposits	432,653	467,656	520,163
Total deposits	<u>2,495,956</u>	<u>2,548,317</u>	<u>2,599,432</u>
Federal Home Loan Bank advances	1,526,250	1,463,815	1,415,340
Mortgagors' escrow accounts	16,817	18,427	18,504
Accrued interest payable	14,652	11,831	10,951
Deferred income tax liability, net	7,108	9,495	9,015
Other liabilities	8,737	11,061	8,785
Total liabilities	<u>4,069,520</u>	<u>4,062,946</u>	<u>4,062,027</u>
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; 2,181,250 shares issued and outstanding at September 30, 2025, 2,182,250 at December 31, 2025, and 2,200,250 at September 30, 2026	2,181	2,182	2,200
Additional paid-in capital	15,821	16,004	18,431
Undivided profits	443,715	461,530	498,343
Accumulated other comprehensive income (loss)	(12)	(8)	141
Total stockholders' equity	<u>461,705</u>	<u>479,708</u>	<u>519,115</u>
Total liabilities and stockholders' equity	<u>\$ 4,531,225</u>	<u>\$ 4,542,654</u>	<u>\$ 4,581,142</u>

HINGHAM INSTITUTION FOR SAVINGS

Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2026	2025	2026
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 47,672	\$ 49,841	\$ 139,645	\$ 144,940
Debt securities	97	255	289	499
Equity securities	1,401	1,309	4,217	4,274
Federal Reserve and other short-term investments	3,739	3,356	9,866	9,737
Total interest and dividend income	52,909	54,761	154,017	159,450
Interest expense:				
Deposits	17,663	15,900	54,125	47,059
Federal Home Loan Bank and Federal Reserve Bank	15,903	13,846	46,474	41,638
Total interest expense	33,566	29,746	100,599	88,697
Net interest income	19,343	25,015	53,418	70,753
Provision for credit losses	275	700	1,025	1,700
Net interest income, after provision for credit losses	19,068	24,315	52,393	69,053
Other income:				
Customer service fees on deposits	132	163	406	499
Increase in cash surrender value of bank-owned life insurance	93	81	256	251
Gain on equity securities, net	11,270	999	15,067	10,032
Miscellaneous	64	108	186	262
Total other income	11,559	1,351	15,915	11,044
Operating expenses:				
Salaries and employee benefits	4,501	4,685	13,360	13,922
Occupancy and equipment	437	490	1,293	1,363
Data processing	849	896	2,331	2,563
Deposit insurance	698	547	2,230	1,725
Foreclosure and related	39	493	63	774
Marketing	109	221	467	810
Other general and administrative	879	990	2,784	3,965
Total operating expenses	7,512	8,322	22,528	25,122
Income before income taxes	23,115	17,344	45,780	54,975
Income tax provision	5,820	4,670	11,947	14,007
Net income	\$ 17,295	\$ 12,674	\$ 33,833	\$ 40,968
Cash dividends declared per common share	\$ 0.63	\$ 0.63	\$ 1.89	\$ 1.89
Weighted average shares outstanding:				
Basic	2,181	2,199	2,181	2,194
Diluted	2,204	2,216	2,202	2,213
Earnings per share:				
Basic	\$ 7.93	\$ 5.76	\$ 15.51	\$ 18.68
Diluted	\$ 7.85	\$ 5.72	\$ 15.37	\$ 18.51

HINGHAM INSTITUTION FOR SAVINGS

Net Interest Income Analysis

	Three Months Ended								
	September 30, 2025			June 30, 2026			September 30, 2026		
	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)	\$ 3,946,966	\$ 47,672	4.79 %	\$ 3,925,640	\$ 48,093	4.91 %	\$ 3,945,727	\$ 49,841	5.01 %
Securities (3) (4)	139,154	1,498	4.27	148,050	1,533	4.15	157,132	1,564	3.95
Short-term investments (5)	336,213	3,739	4.41	353,225	3,256	3.70	356,043	3,356	3.74
Total interest-earning assets	4,422,333	52,909	4.75	4,426,915	52,882	4.79	4,458,902	54,761	4.87
Other assets	82,490			105,849			117,331		
Total assets	\$ 4,504,823			\$ 4,532,764			\$ 4,576,233		
Liabilities and stockholders' equity:									
Interest-bearing deposits (6)	\$ 2,085,424	17,663	3.36 %	\$ 2,101,178	15,582	2.97 %	\$ 2,105,232	15,900	3.00 %
Borrowed funds	1,506,359	15,903	4.19	1,398,343	13,694	3.93	1,397,351	13,846	3.93
Total interest-bearing liabilities	3,591,783	33,566	3.71	3,499,521	29,276	3.36	3,502,583	29,746	3.37
Non-interest-bearing deposits	437,977			507,665			526,955		
Other liabilities	18,463			26,204			26,423		
Total liabilities	4,048,223			4,033,390			4,055,961		
Stockholders' equity	456,600			499,374			520,272		
Total liabilities and stockholders' equity	\$ 4,504,823			\$ 4,532,764			\$ 4,576,233		
Net interest income		\$ 19,343			\$ 23,606			\$ 25,015	
Weighted average interest rate spread			1.04 %			1.43 %			1.50 %
Net interest margin (7)			1.74 %			2.14 %			2.23 %
Average interest-earning assets to average interest-bearing liabilities (8)	123.12 %			126.50 %			127.30 %		

- (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 based on the actual number of days in the period.

HINGHAM INSTITUTION FOR SAVINGS

Net Interest Income Analysis

	Nine Months Ended September 30,					
	2025			2026		
	<u>Average Balance (9)</u>	<u>Interest</u>	<u>Yield/ Rate (10)</u>	<u>Average Balance (9)</u>	<u>Interest</u>	<u>Yield/ Rate (10)</u>
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 3,943,153	\$ 139,645	4.72 %	\$ 3,931,634	\$ 144,940	4.93 %
Securities (3) (4)	135,154	4,506	4.44	149,300	4,773	4.27
Short-term investments (5)	297,571	9,866	4.42	350,615	9,737	3.71
Total interest-earning assets	4,375,878	154,017	4.69	4,431,549	159,450	4.81
Other assets	79,989			110,164		
Total assets	<u>\$ 4,455,867</u>			<u>\$ 4,541,713</u>		
Interest-bearing deposits (6)	\$ 2,109,589	54,125	3.42 %	\$ 2,099,151	47,059	3.00 %
Borrowed funds	1,454,455	46,474	4.26	1,410,429	41,638	3.95
Total interest-bearing liabilities	3,564,044	100,599	3.76	3,509,580	88,697	3.38
Non-interest-bearing deposits	427,219			502,711		
Other liabilities	16,449			26,546		
Total liabilities	4,007,712			4,038,837		
Stockholders' equity	448,155			502,876		
Total liabilities and stockholders' equity	<u>\$ 4,455,867</u>			<u>\$ 4,541,713</u>		
Net interest income		<u>\$ 53,418</u>			<u>\$ 70,753</u>	
Weighted average interest rate spread			<u>0.93 %</u>			<u>1.43 %</u>
Net interest margin (7)			<u>1.63 %</u>			<u>2.13 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>122.78 %</u>			<u>126.27 %</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 based on the actual number of days in the period.

HINGHAM INSTITUTION FOR SAVINGS

Non-GAAP Reconciliation

Management believes the presentation of the following non-GAAP financial measures provides useful supplemental information that is essential to an investor's proper understanding of the 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 net gain on equity securities, both realized and unrealized.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(In thousands, unaudited)	2025	2026	2025	2026
Non-GAAP reconciliation:				
Net income	\$ 17,295	\$ 12,674	\$ 33,833	\$ 40,968
Gain on equity securities, net	(11,270)	(999)	(15,067)	(10,032)
Income tax expense (1)	2,484	220	3,321	2,211
Core net income	\$ 8,509	\$ 11,895	\$ 22,087	\$ 33,147

(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-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 net gain on equity securities, both realized and unrealized.

	Three Months Ended			Nine Months Ended	
	September 30,	June 30,	September 30,	September 30,	
(In thousands, unaudited)	2025	2026	2026	2025	2026
Non-GAAP efficiency ratio calculation:					
Operating expenses	\$ 7,512	\$ 8,976	\$ 8,322	\$ 22,528	\$ 25,122
Net interest income	\$ 19,343	\$ 23,606	\$ 25,015	\$ 53,418	\$ 70,753
Other income	11,559	19,310	1,351	15,915	11,044
Gain on equity securities, net	(11,270)	(18,953)	(999)	(15,067)	(10,032)
Total revenue	\$ 19,632	\$ 23,963	\$ 25,367	\$ 54,266	\$ 71,765
Efficiency ratio	38.26 %	37.46 %	32.81 %	41.51 %	35.01 %