



PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)

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HINGHAM REPORTS SECOND QUARTER 2023 RESULTS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced results for the quarter ended June 30, 2023.

Earnings

Net income for the quarter ended June 30, 2023 was \$8,248,000 or \$3.84 per share basic and \$3.76 per share diluted, as compared to \$3,191,000 or \$1.49 per share basic and \$1.45 per share diluted for the same period last year. The Bank's annualized return on average equity for the second quarter of 2023 was 8.27%, and the annualized return on average assets was 0.80%, as compared to 3.43% and 0.34% for the same period in 2022. Net income per share (diluted) for the second quarter of 2023 increased by 159% over the same period in 2022.

Core net income for the quarter ended June 30, 2023, which represents net income excluding the after-tax gains and losses on securities, both realized and unrealized, was \$4,046,000 or \$1.88 per share basic and \$1.85 per share diluted, as compared to \$15,260,000 or \$7.12 per share basic and \$6.93 per share diluted for the same period last year. The Bank's annualized core return on average equity for the second quarter of 2023 was 4.06%, and the annualized core return on average assets was 0.39%, as compared to 16.42% and 1.63% for the same period in 2022. Core net income per share (diluted) for the second quarter of 2023 decreased by 73% over the same period in 2022.

Net income for the six months ended June 30, 2023 was \$16,759,000 or \$7.80 per share basic and \$7.63 per share diluted, as compared to \$15,055,000 or \$7.02 per share basic and \$6.83 per share diluted for the same period last year. The Bank's annualized return on average equity for the first six months of 2023 was 8.47%, and the annualized return on average assets was 0.81%, as compared to 8.20% and 0.83% for the same period in 2022. Net income per share (diluted) for the first six months of 2023 increased by 12% over the same period in 2022.

Core net income for the six months ended June 30, 2023, which represents net income excluding the after-tax gains and losses on securities, both realized and unrealized, was \$9,791,000 or \$4.56 per share basic and \$4.46 per share diluted, as compared to \$30,365,000 or \$14.17 per share basic and \$13.78 per share diluted for the same period last year. The Bank's annualized core return on average equity for the first six months of 2023 was 4.95%, and the annualized core return on average assets

was 0.47%, as compared to 16.55% and 1.68% for the same period in 2022. Core net income per share (diluted) for the first six months of 2023 decreased by 68% over the same period in 2022.

See Page 10 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.

Balance Sheet and Capital Management

Total assets were \$4.311 billion at June 30, 2023, representing 6% annualized growth year-to-date and 8% growth from June 30, 2022.

Net loans increased to \$3.762 billion at June 30, 2023, representing 6% annualized growth year-to-date and 7% growth from June 30, 2022. Origination activity was concentrated in the Boston and Washington D.C. markets and remained focused on multifamily commercial real estate.

Retail and business deposits were \$1.918 billion at June 30, 2023, representing 3% annualized growth year-to-date and 9% growth from June 30, 2022. Non-interest-bearing deposits, included in retail and business deposits, decreased to \$363.8 million at June 30, 2023, representing a 12% annualized decline year-to-date and a 9% decline from June 30, 2022. The Bank continued to work to capitalize on the market disruption generated by the failure or instability of larger regional banks to develop 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.

Wholesale deposits, which include brokered and listing service time deposits, were \$495.9 million at June 30, 2023, representing a 38% annualized decline year-to-date and a 30% decline from June 30, 2022, as the Bank continued to manage its wholesale funding mix between wholesale time deposits and Federal Home Loan Bank advances in order 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 either brokered certificates of deposit, or borrowings from the Federal Home Loan Bank. Pricing in the listing service market has generally exceeded other wholesale funding sources over the last year.

Borrowings from the Federal Home Loan Bank totaled \$1.470 billion at June 30, 2023, a 30% annualized growth year-to-date, and a 29% increase from June 30, 2022. As of June 30, 2023, the Bank maintained \$568.5 million in immediately available borrowing capacity at the Federal Home Loan Bank of Boston and the Federal Reserve Bank, in addition to the \$336.0 million cash balance held at the Federal Reserve Bank.

Book value per share was \$185.94 as of June 30, 2023, representing 7% annualized growth year-to-date and 9% growth from June 30, 2022. In addition to the increase in book value per share, the Bank has declared \$3.13 in dividends per share since June 30, 2022, including a special dividend of \$0.63 per share declared during the fourth quarter of 2022.

On June 28, 2023, the Bank’s Board of Directors declared a regular cash dividend of \$0.63 per share. The dividend will be paid on August 9, 2023 to stockholders of record as of July 31, 2023. This will be the Bank’s 118th consecutive quarterly dividend. The Bank has also declared special cash dividends in each of the last twenty-eight years, typically in the fourth quarter.

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. 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, 2023 decreased 193 basis points to 1.28%, as compared to 3.21% for the same period last year. 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 interest on reserves held at the Federal Reserve Bank of Boston, an increase in the yield on loans and a higher Federal Home Loan Bank of Boston stock dividend.

In a linked quarter comparison, the net interest margin for the quarter ended June 30, 2023 decreased 18 basis points to 1.28%, as compared to 1.46% in the quarter ended March 31, 2023. This was primarily the result of the continued and significant increase in the cost of interest-bearing liabilities, driven primarily by an increase in the cost of the Bank's wholesale deposits, partially offset by an increase in the interest on reserve balances held at the Federal Reserve Bank of Boston and an increase in the yield on loans 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. The Bank also benefited from a modest decline in the cost of borrowed funds, driven by the use of Federal Home Loan Bank option advances.

The net interest margin for the six months ended June 30, 2023 decreased 188 basis points to 1.37%, as compared to 3.25% for the same period last year. 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 interest on reserves held at the Federal Reserve Bank of Boston, an increase in the yield on loans and a higher Federal Home Loan Bank of Boston stock dividend.

Key credit and operational metrics remained strong in the second quarter. At June 30, 2023, non-performing assets totaled 0.00% of total assets, compared to 0.03% at December 31, 2022 and 0.02% at June 30, 2022. Non-performing loans as a percentage of the total loan portfolio totaled 0.00% at June 30, 2023, compared to 0.03% at both December 31, 2022 and June 30, 2022. The Bank did not record any charge-offs in the first six months of 2023, as compared to \$50,000 in net recoveries in the first six months of 2022.

The Bank did not own any foreclosed property at June 30, 2023, December 31, 2022 and June 30, 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 5 below, increased to 55.03% for the second quarter of 2023, as compared to 21.30% for the same period last year. Operating expenses as a percentage of average assets increased slightly to 0.71% in the second quarter of 2023, as compared to 0.68% 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.

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

Current Expected Credit Losses (“CECL”)

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.

Chairman Robert H. Gaughen Jr. stated, “Returns on equity and assets in the second quarter remained significantly lower than our long-term performance, reflecting the challenge from the increase in short-term interest rates over the last twelve months. Although the current market environment is particularly 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.

Although we are in the midst of a historic inversion in the yield curve, it is important that we prioritize long-term investments, despite the temporary but significant pressure on margins and lower net income. This means working to attract new core deposit and loan customers, as well as talented staff that can help us continue to build our business well into the future.”

The Bank's quarterly financial results are summarized in the earnings release, but shareholders are encouraged to read the Bank's quarterly reports on Form 10-Q, which are generally available several weeks after the earnings release. The Bank expects to file Form 10-Q for the quarter ended June 30, 2023 with the Federal Deposit Insurance Corporation ([FDIC](#)) on or about August 4, 2023.

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		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
<i>(Unaudited)</i>				
Key Performance Ratios				
Return on average assets (1)	0.34 %	0.80 %	0.83 %	0.81 %
Return on average equity (1)	3.43	8.27	8.20	8.47
Core return on average assets (1) (5)	1.63	0.39	1.68	0.47
Core return on average equity (1) (5)	16.42	4.06	16.55	4.95
Interest rate spread (1) (2)	3.11	0.66	3.18	0.79
Net interest margin (1) (3)	3.21	1.28	3.25	1.37
Operating expenses to average assets (1)	0.68	0.71	0.70	0.69
Efficiency ratio (4)	21.30	55.03	21.55	50.19
Average equity to average assets	9.92	9.66	10.17	9.58
Average interest-earning assets to average interest-bearing liabilities	124.97	121.66	125.39	121.67

	June 30,	December 31,	June 30,
	2022	2022	2023
<i>(Unaudited)</i>			
Asset Quality Ratios			
Allowance for credit losses/total loans	0.68 %	0.68 %	0.69 %
Allowance for credit losses/non-performing loans	2,428.23	2,139.39	15,376.47
Non-performing loans/total loans	0.03	0.03	—
Non-performing loans/total assets	0.02	0.03	—
Non-performing assets/total assets	0.02	0.03	—
Share Related			
Book value per share	\$ 171.23	\$ 179.74	\$ 185.94
Market value per share	\$ 283.77	\$ 275.96	\$ 213.18
Shares outstanding at end of period	2,145,400	2,147,400	2,150,400

(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 represents total operating expenses, divided by the sum of net interest income and total other income (loss), excluding gain (loss) on equity securities, net.

(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.

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Balance Sheets

<i>(In thousands, except share amounts)</i> <i>(Unaudited)</i>	June 30, 2022	December 31, 2022	June 30, 2023
ASSETS			
Cash and due from banks	\$ 7,670	\$ 7,936	\$ 6,764
Federal Reserve and other short-term investments	303,223	354,097	347,320
Cash and cash equivalents	310,893	362,033	354,084
CRA investment	8,626	8,229	8,229
Other marketable equity securities	68,459	54,967	65,744
Equity securities, at fair value	77,085	63,196	73,973
Securities held to maturity, at amortized cost	3,500	3,500	3,500
Federal Home Loan Bank stock, at cost	47,316	52,606	60,897
Loans, net of allowance for credit losses of \$24,088 at June 30, 2022, \$24,989 at December 31, 2022 and \$26,140 at June 30, 2023	3,507,936	3,657,782	3,761,572
Bank-owned life insurance	13,150	13,312	13,478
Premises and equipment, net	16,617	17,859	18,383
Accrued interest receivable	6,111	7,122	7,388
Deferred income tax asset, net	3,793	4,061	2,236
Other assets	9,202	12,328	15,216
Total assets	\$ 3,995,603	\$ 4,193,799	\$ 4,310,727
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing deposits	\$ 2,068,443	\$ 2,118,045	\$ 2,049,918
Non-interest-bearing deposits	399,478	387,244	363,827
Total deposits	2,467,921	2,505,289	2,413,745
Federal Home Loan Bank advances	1,140,000	1,276,000	1,470,000
Mortgagors' escrow accounts	11,822	12,323	13,248
Accrued interest payable	1,003	4,527	6,355
Other liabilities	7,497	9,694	7,526
Total liabilities	3,628,243	3,807,833	3,910,874
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; 2,145,400 shares issued and outstanding at June 30, 2022, 2,147,400 at December 31, 2022 and 2,150,400 shares issued and outstanding at June 30, 2023	2,145	2,147	2,150
Additional paid-in capital	12,908	13,061	13,288
Undivided profits	352,307	370,758	384,415
Total stockholders' equity	367,360	385,966	399,853
Total liabilities and stockholders' equity	\$ 3,995,603	\$ 4,193,799	\$ 4,310,727

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 32,406	\$ 37,806	\$ 62,166	\$ 74,222
Debt securities	33	33	66	66
Equity securities	286	1,044	544	1,947
Federal Reserve and other short-term investments	519	3,106	629	6,480
Total interest and dividend income	<u>33,244</u>	<u>41,989</u>	<u>63,405</u>	<u>82,715</u>
Interest expense:				
Deposits	2,102	16,808	3,606	30,608
Federal Home Loan Bank and Federal Reserve Bank advances	1,431	12,151	1,923	24,166
Total interest expense	<u>3,533</u>	<u>28,959</u>	<u>5,529</u>	<u>54,774</u>
Net interest income	29,711	13,030	57,876	27,941
Provision for credit losses	2,449	450	3,607	606
Net interest income, after provision for credit losses	<u>27,262</u>	<u>12,580</u>	<u>54,269</u>	<u>27,335</u>
Other income (loss):				
Customer service fees on deposits	140	141	315	279
Increase in cash surrender value of bank-owned life insurance	77	83	170	166
Gain (loss) on equity securities, net	(15,482)	5,390	(19,639)	8,938
Miscellaneous	20	54	46	117
Total other income (loss)	<u>(15,245)</u>	<u>5,668</u>	<u>(19,108)</u>	<u>9,500</u>
Operating expenses:				
Salaries and employee benefits	3,862	4,185	7,506	8,491
Occupancy and equipment	315	380	689	771
Data processing	648	746	1,262	1,399
Deposit insurance	518	590	801	1,240
Foreclosure and related	8	26	(13)	(48)
Marketing	315	277	506	489
Other general and administrative	713	1,120	1,837	1,964
Total operating expenses	<u>6,379</u>	<u>7,324</u>	<u>12,588</u>	<u>14,306</u>
Income before income taxes	5,638	10,924	22,573	22,529
Income tax provision	2,447	2,676	7,518	5,770
Net income	<u>\$ 3,191</u>	<u>\$ 8,248</u>	<u>\$ 15,055</u>	<u>\$ 16,759</u>
Cash dividends declared per share	<u>\$ 0.59</u>	<u>\$ 0.63</u>	<u>\$ 1.16</u>	<u>\$ 1.26</u>
Weighted average shares outstanding:				
Basic	<u>2,145</u>	<u>2,149</u>	<u>2,144</u>	<u>2,148</u>
Diluted	<u>2,203</u>	<u>2,191</u>	<u>2,204</u>	<u>2,196</u>
Earnings per share:				
Basic	<u>\$ 1.49</u>	<u>\$ 3.84</u>	<u>\$ 7.02</u>	<u>\$ 7.80</u>
Diluted	<u>\$ 1.45</u>	<u>\$ 3.76</u>	<u>\$ 6.83</u>	<u>\$ 7.63</u>

HINGHAM INSTITUTION FOR SAVINGS

Net Interest Income Analysis

	Three Months Ended								
	June 30, 2022			March 31, 2023			June 30, 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)	\$ 3,350,290	\$ 32,406	3.87 %	\$ 3,682,517	\$ 36,416	3.96 %	\$ 3,725,717	\$ 37,806	4.06 %
Securities (3) (4)	109,378	319	1.17	99,693	936	3.76	103,153	1,077	4.18
Short-term investments (5)	239,797	519	0.87	294,513	3,374	4.58	245,426	3,106	5.06
Total interest-earning assets	<u>3,699,465</u>	<u>33,244</u>	<u>3.59</u>	<u>4,076,723</u>	<u>40,726</u>	<u>4.00</u>	<u>4,074,296</u>	<u>41,989</u>	<u>4.12</u>
Other assets	47,480			53,809			56,658		
Total assets	<u>\$ 3,746,945</u>			<u>\$ 4,130,532</u>			<u>\$ 4,130,954</u>		
Liabilities and stockholders' equity:									
Interest-bearing deposits (6)	\$ 2,048,311	2,102	0.41 %	\$ 2,250,188	13,800	2.45 %	\$ 2,196,558	16,808	3.06 %
Borrowed funds	912,034	1,431	0.63	1,100,156	12,015	4.37	1,152,473	12,151	4.22
Total interest-bearing liabilities	<u>2,960,345</u>	<u>3,533</u>	<u>0.48</u>	<u>3,350,344</u>	<u>25,815</u>	<u>3.08</u>	<u>3,349,031</u>	<u>28,959</u>	<u>3.46</u>
Non-interest-bearing deposits	408,033			378,089			371,262		
Other liabilities	6,782			9,452			11,636		
Total liabilities	<u>3,375,160</u>			<u>3,737,885</u>			<u>3,731,929</u>		
Stockholders' equity	<u>371,785</u>			<u>392,647</u>			<u>399,025</u>		
Total liabilities and stockholders' equity	<u>\$ 3,746,945</u>			<u>\$ 4,130,532</u>			<u>\$ 4,130,954</u>		
Net interest income		<u>\$ 29,711</u>			<u>\$ 14,911</u>			<u>\$ 13,030</u>	
Weighted average interest rate spread			<u>3.11 %</u>			<u>0.92 %</u>			<u>0.66 %</u>
Net interest margin (7)			<u>3.21 %</u>			<u>1.46 %</u>			<u>1.28 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>124.97 %</u>			<u>121.68 %</u>			<u>121.66 %</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,					
	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)	\$ 3,214,720	\$ 62,166	3.87 %	\$ 3,704,236	\$ 74,222	4.01 %
Securities (3) (4)	102,179	610	1.19	101,432	2,013	3.97
Short-term investments (5)	240,273	629	0.52	269,834	6,480	4.80
Total interest-earning assets	<u>3,557,172</u>	<u>63,405</u>	<u>3.56</u>	<u>4,075,502</u>	<u>82,715</u>	<u>4.06</u>
Other assets	50,219			55,242		
Total assets	<u>\$ 3,607,391</u>			<u>\$ 4,130,744</u>		
Interest-bearing deposits (6)	\$ 2,038,252	3,606	0.35	\$ 2,223,225	30,608	2.75
Borrowed funds	798,607	1,923	0.48	1,126,459	24,166	4.29
Total interest-bearing liabilities	<u>2,836,859</u>	<u>5,529</u>	<u>0.39</u>	<u>3,349,684</u>	<u>54,774</u>	<u>3.27</u>
Non-interest-bearing deposits	395,991			374,656		
Other liabilities	7,522			10,551		
Total liabilities	<u>3,240,372</u>			<u>3,734,891</u>		
Stockholders' equity	367,019			395,853		
Total liabilities and stockholders' equity	<u>\$ 3,607,391</u>			<u>\$ 4,130,744</u>		
Net interest income		<u>\$ 57,876</u>			<u>\$ 27,941</u>	
Weighted average interest rate spread			<u>3.17 %</u>			<u>0.79 %</u>
Net interest margin (7)			<u>3.25 %</u>			<u>1.37 %</u>
Average interest-earning assets to average interest-bearing liabilities (8)	<u>125.39 %</u>			<u>121.67 %</u>		

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

HINGHAM INSTITUTION FOR SAVINGS
Non-GAAP Reconciliation

The 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.

<i>(In thousands, unaudited)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2023	2022	2023
Non-GAAP reconciliation:				
Net income	\$ 3,191	\$ 8,248	\$ 15,055	\$ 16,759
(Gain) loss on equity securities, net	15,482	(5,390)	19,639	(8,938)
Income tax expense (benefit) (1)	<u>(3,413)</u>	<u>1,188</u>	<u>(4,329)</u>	<u>1,970</u>
Core net income	<u>\$ 15,260</u>	<u>\$ 4,046</u>	<u>\$ 30,365</u>	<u>\$ 9,791</u>

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