



## PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)  
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### **8% INCREASE IN QUARTERLY DILUTED EARNINGS PER SHARE, 14.60% RETURN ON EQUITY**

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced third quarter earnings for 2017.

Net income for the quarter ended September 30, 2017 was \$6,484,000 or \$3.04 per share basic and \$2.97 per share diluted as compared to \$5,945,000 or \$2.79 per share basic and \$2.76 per share diluted for the third quarter of 2016. Net income per share (diluted) for the third quarter of 2017 increased 8% over the same period of 2016. The Bank's annualized return on average equity for the third quarter of 2017 was 14.60%, and the annualized return on average assets was 1.21%, as compared to 15.59% and 1.23% for the same period in 2016.

Net income for the nine months ended September 30, 2017 was \$19,066,000 or \$8.94 per share basic and \$8.75 per share diluted as compared to \$17,136,000 or \$8.04 per share basic and \$7.97 per share diluted for the same period last year. Net income per share (diluted) for the first nine months of 2017 increased 10% over the same period in 2016. The Bank's annualized return on average equity for the first nine months of 2017 was 14.81% and the annualized return on average assets was 1.22%, as compared to 15.53% and 1.21% for the same period in 2016.

Net income for the nine month periods ended September 30, 2017 and 2016 included after-tax realized gains on securities of approximately \$49,000 and \$221,000 respectively, which were unrelated to the Bank's core business operations. Unrealized gains on securities, net of deferred tax liabilities, are recorded in stockholders' equity through accumulated other comprehensive income.

Strong balance sheet growth trends of recent years continued, as deposits were \$1.449 billion at September 30, 2017, representing 8% annualized growth year-to-date and 8% growth from September 30, 2016. Net loans were \$1.770 billion at September 30, 2017, representing 14%

annualized growth year-to-date and 13% growth from September 30, 2016. Total assets were \$2.215 billion at September 30, 2017, representing 13% annualized growth year-to-date and 13% growth from September 30, 2016. Book value per share increased from \$72.35 at September 30, 2016, to \$84.27 per share at September 30, 2017, representing a 15% annualized growth rate year-to-date and a 16% increase from September 30, 2016. In addition to the increase in book value per share, the Bank has declared \$1.62 in dividends per share since September 30, 2016.

Key credit and operational metrics improved in the third quarter of 2017. At September 30, 2017, non-performing assets totaled 0.05% of total assets, as compared to 0.09% at December 31, 2016 and 0.16% at September 30, 2016. Non-performing loans as a percentage of the total loan portfolio totaled 0.06% at September 30, 2017, as compared to 0.11% at December 31, 2016 and 0.20% at September 30, 2016. The Bank recorded \$1,000 of net recoveries for the first nine months of 2017, as compared to \$3,000 of net charge-offs for the same period last year. At September 30, 2017 and 2016, the Bank did not own any foreclosed property. The efficiency ratio improved to 29.37% for the third quarter of 2017, as compared to 31.57% for the same period last year. Non-interest expense (annualized) as a percentage of average assets fell to 0.90% for the third quarter of 2017, as compared to 0.99% for the same period last year. These metrics reflect the Bank's disciplined focus on credit quality and expense management.

President Robert H. Gaughen, Jr. stated, "We are pleased to report that returns on equity and assets remain satisfactory. At Hingham, we take seriously our role as stewards of the shareholders' capital. Our emphasis on careful capital allocation, defensive underwriting, process improvement, and disciplined cost control continues to serve our owners well. Performance in any one period, especially periods when tailwinds may be with us, should be viewed cautiously. Such periods are historically fraught with peril in our industry. The real test of performance in banking is a company's record of compounding shareholder capital over time and through all stages of the credit cycle. On this measure, our team strives to set a high bar."

Hingham Institution for Savings is a Massachusetts-chartered savings bank located in Hingham, Massachusetts. Incorporated in 1834, it is one of America's oldest banks. The Bank's Main Office is located in Hingham and the Bank maintains offices on the South Shore, in Boston (South End and Beacon Hill), and on the island of Nantucket. The Bank is also an active commercial real estate lender in the Greater Washington D.C. metropolitan 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 September 30,		Nine Months Ended September 30,	
	2016	2017	2016	2017
<i>(Unaudited)</i>				
<b>Key Performance Ratios</b>				
Return on average assets (1)	1.23 %	<b>1.21 %</b>	1.21 %	<b>1.22 %</b>
Return on average equity (1)	15.59	<b>14.60</b>	15.53	<b>14.81</b>
Interest rate spread (1) (2)	3.00	<b>2.89</b>	2.97	<b>2.93</b>
Net interest margin (1) (3)	3.12	<b>3.04</b>	3.09	<b>3.08</b>
Non-interest expense to average assets (1)	0.99	<b>0.90</b>	1.02	<b>0.94</b>
Efficiency ratio (4)	31.57	<b>29.37</b>	32.94	<b>30.58</b>
Average equity to average assets	7.88	<b>8.26</b>	7.78	<b>8.25</b>
Average interest-earning assets to average interest-bearing liabilities	116.41	<b>117.69</b>	116.03	<b>117.32</b>
<i>(Unaudited)</i>				
	September 30, 2016	December 31, 2016	September 30, 2017	
<b>Asset Quality Ratios</b>				
Allowance for loan losses/total loans	0.68 %	0.68 %	<b>0.68 %</b>	
Allowance for loan losses/non-performing loans	334.89	614.43	<b>1,078.04</b>	
Non-performing loans/total loans	0.20	0.11	<b>0.06</b>	
Non-performing loans/total assets	0.16	0.09	<b>0.05</b>	
Non-performing assets/total assets	0.16	0.09	<b>0.05</b>	
<b>Share Related</b>				
Book value per share	\$ 72.35	\$ 75.50	<b>\$ 84.27</b>	
Market value per share	\$ 138.50	\$ 196.78	<b>\$ 190.27</b>	
Shares outstanding at end of period	2,130,750	2,132,750	<b>2,132,750</b>	

(1) Annualized.

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

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

(4) The efficiency ratio represents non-interest expense, divided by the sum of net interest income and non-interest income, excluding gain on sale of securities.

**HINGHAM INSTITUTION FOR SAVINGS**  
**Consolidated Balance Sheets**

<i>(Dollars in thousands, except per share data)</i> <i>(Unaudited)</i>	<b>September 30, 2016</b>	<b>December 31, 2016</b>	<b>September 30, 2017</b>
<b>ASSETS</b>			
Cash and due from banks	\$ 7,849	\$ 7,816	\$ 9,792
Federal Reserve and other short-term investments	305,990	315,116	341,294
Cash and cash equivalents	<u>313,839</u>	<u>322,932</u>	<u>351,086</u>
Certificates of deposit	1,142	—	—
CRA investment	7,059	6,839	7,390
Other securities available for sale	15,823	20,329	24,911
Securities available for sale, at fair value	<u>22,882</u>	<u>27,168</u>	<u>32,301</u>
Federal Home Loan Bank stock, at cost	24,203	24,472	26,863
Loans, net of allowance for loan losses of \$10,713 at September 30, 2016, \$11,030 at December 31, 2016 and \$12,128 at September 30, 2017	1,562,934	1,605,647	1,769,830
Foreclosed assets	—	—	—
Bank-owned life insurance	11,900	11,962	12,158
Premises and equipment, net	14,605	14,462	14,049
Accrued interest receivable	3,394	3,529	4,079
Deferred income tax asset, net	2,957	2,489	1,601
Other assets	2,453	1,938	2,973
Total assets	<u>\$ 1,960,309</u>	<u>\$ 2,014,599</u>	<u>\$ 2,214,940</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Interest-bearing deposits	\$ 1,183,905	\$ 1,218,360	\$ 1,277,157
Non-interest-bearing deposits	151,284	147,749	171,382
Total deposits	<u>1,335,189</u>	<u>1,366,109</u>	<u>1,448,539</u>
Federal Home Loan Bank advances	460,356	475,318	574,395
Mortgage payable	882	868	826
Mortgagors' escrow accounts	5,389	5,585	6,228
Accrued interest payable	360	400	457
Other liabilities	3,979	5,295	4,777
Total liabilities	<u>1,806,155</u>	<u>1,853,575</u>	<u>2,035,222</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; 2,130,750 shares issued and outstanding at September 30, 2016 and 2,132,750 shares issued and outstanding at December 31, 2016 and September 30, 2017	2,131	2,133	2,133
Additional paid-in capital	11,351	11,575	11,706
Undivided profits	139,656	144,580	161,554
Accumulated other comprehensive income	1,016	2,736	4,325
Total stockholders' equity	<u>154,154</u>	<u>161,024</u>	<u>179,718</u>
Total liabilities and stockholders' equity	<u>\$ 1,960,309</u>	<u>\$ 2,014,599</u>	<u>\$ 2,214,940</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2017	2016	2017
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 17,477	\$ 19,211	\$ 50,890	\$ 55,663
Debt securities	6	—	52	—
Equity securities	352	396	881	1,116
Federal Reserve and other short-term investments	382	1,079	1,126	2,515
Total interest and dividend income	<u>18,217</u>	<u>20,686</u>	<u>52,949</u>	<u>59,294</u>
Interest expense:				
Deposits	2,435	2,854	7,125	8,084
Federal Home Loan Bank advances	933	1,742	2,782	3,979
Mortgage payable	13	12	40	38
Total interest expense	<u>3,381</u>	<u>4,608</u>	<u>9,947</u>	<u>12,101</u>
Net interest income	<u>14,836</u>	<u>16,078</u>	<u>43,002</u>	<u>47,193</u>
Provision for loan losses	300	558	810	1,098
Net interest income, after provision for loan losses	<u>14,536</u>	<u>15,520</u>	<u>42,192</u>	<u>46,095</u>
Other income:				
Customer service fees on deposits	239	216	691	662
Increase in bank-owned life insurance	63	67	203	196
Gain on sale of securities, net	—	—	344	77
Miscellaneous	45	44	143	136
Total other income	<u>347</u>	<u>327</u>	<u>1,381</u>	<u>1,071</u>
Operating expenses:				
Salaries and employee benefits	2,927	3,008	8,988	9,245
Occupancy and equipment	446	422	1,401	1,305
Data processing	318	321	926	929
Deposit insurance	265	279	771	795
Foreclosure	25	11	107	14
Marketing	104	85	329	325
Other general and administrative	708	692	1,983	2,121
Total operating expenses	<u>4,793</u>	<u>4,818</u>	<u>14,505</u>	<u>14,734</u>
Income before income taxes	10,090	11,029	29,068	32,432
Income tax provision	4,145	4,545	11,932	13,366
Net income	<u>\$ 5,945</u>	<u>\$ 6,484</u>	<u>\$ 17,136</u>	<u>\$ 19,066</u>
Cash dividends declared per share	<u>\$ 0.32</u>	<u>\$ 0.34</u>	<u>\$ 0.92</u>	<u>\$ 0.98</u>
Weighted average shares outstanding:				
Basic	<u>2,131</u>	<u>2,133</u>	<u>2,130</u>	<u>2,133</u>
Diluted	<u>2,152</u>	<u>2,180</u>	<u>2,150</u>	<u>2,180</u>
Earnings per share:				
Basic	<u>\$ 2.79</u>	<u>\$ 3.04</u>	<u>\$ 8.04</u>	<u>\$ 8.94</u>
Diluted	<u>\$ 2.76</u>	<u>\$ 2.97</u>	<u>\$ 7.97</u>	<u>\$ 8.75</u>

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

Three Months Ended September 30,

	2016			2017		
	<u>AVERAGE BALANCE</u>	<u>INTEREST</u>	<u>YIELD/ RATE (8)</u>	<u>AVERAGE BALANCE</u>	<u>INTEREST</u>	<u>YIELD/ RATE (8)</u>
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 1,552,866	\$ 17,477	4.50 %	\$ 1,733,650	\$ 19,211	4.43 %
Securities (3) (4)	49,354	358	2.90	50,696	396	3.12
Federal Reserve and other short-term investments	300,435	382	0.51	332,367	1,079	1.30
Total interest-earning assets	1,902,655	18,217	3.83	2,116,713	20,686	3.91
Other assets	33,109			35,471		
Total assets	\$ 1,935,764			\$ 2,152,184		
Interest-bearing deposits (5)	\$ 1,194,292	2,435	0.82	\$ 1,265,731	2,854	0.90
Borrowed funds	440,104	946	0.86	532,836	1,754	1.32
Total interest-bearing liabilities	1,634,396	3,381	0.83	1,798,567	4,608	1.02
Demand deposits	144,497			171,680		
Other liabilities	4,334			4,242		
Total liabilities	1,783,227			1,974,489		
Stockholders' equity	152,537			177,695		
Total liabilities and stockholders' equity	\$ 1,935,764			\$ 2,152,184		
Net interest income		\$ 14,836			\$ 16,078	
Weighted average spread			3.00 %			2.89 %
Net interest margin (6)			3.12 %			3.04 %
Average interest-earning assets to average interest-bearing liabilities (7)			116.41 %			117.69 %

- (1) Before allowance for loan losses.
- (2) Includes non-accrual loans.
- (3) Excludes the impact of the average net unrealized gain or loss on securities available for sale.
- (4) Includes Federal Home Loan Bank stock.
- (5) Includes mortgagors' escrow accounts.
- (6) Net interest income divided by average total interest-earning assets.
- (7) Total interest-earning assets divided by total interest-bearing liabilities.
- (8) Annualized.

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

Nine Months Ended September 30,

	2016			2017		
	AVERAGE BALANCE	INTEREST	YIELD/ RATE (8)	AVERAGE BALANCE	INTEREST	YIELD/ RATE (8)
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 1,500,203	\$ 50,890	4.52 %	\$ 1,675,563	\$ 55,663	4.43 %
Securities (3) (4)	57,358	933	2.17	49,202	1,116	3.02
Federal Reserve and other short-term investments	298,729	1,126	0.50	321,335	2,515	1.04
Total interest-earning assets	1,856,290	52,949	3.80	2,046,100	59,294	3.86
Other assets	33,265			35,261		
Total assets	\$ 1,889,555			\$ 2,081,361		
Interest-bearing deposits (5)	\$ 1,164,317	7,125	0.82	\$ 1,252,938	8,084	0.86
Borrowed funds	435,548	2,822	0.86	491,114	4,017	1.09
Total interest-bearing liabilities	1,599,865	9,947	0.83	1,744,052	12,101	0.93
Demand deposits	137,873			161,037		
Other liabilities	4,741			4,613		
Total liabilities	1,742,479			1,909,702		
Stockholders' equity	147,076			171,659		
Total liabilities and stockholders' equity	\$ 1,889,555			\$ 2,081,361		
Net interest income		\$ 43,002			\$ 47,193	
Weighted average spread			2.97 %			2.93 %
Net interest margin (6)			3.09 %			3.08 %
Average interest-earning assets to average interest-bearing liabilities (7)			116.03 %			117.32 %

- (1) Before allowance for loan losses.
- (2) Includes non-accrual loans.
- (3) Excludes the impact of the average net unrealized gain or loss on securities available for sale.
- (4) Includes Federal Home Loan Bank stock.
- (5) Includes mortgagors' escrow accounts.
- (6) Net interest income divided by average total interest-earning assets.
- (7) Total interest-earning assets divided by total interest-bearing liabilities.
- (8) Annualized.