



PRESS RELEASE

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Hingham Institution for Savings
Hingham, MA (NASDAQ – HIFS)

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13% INCREASE IN QUARTERLY EARNINGS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ – HIFS), Hingham, Massachusetts announced first quarter earnings for 2012. Net income for the quarter ended March 31, 2012 was \$3,241,000 or \$1.52 per share (basic and diluted) as compared to \$2,880,000 or \$1.36 per share basic and \$1.35 per share diluted for the same period last year. The Bank's return on average equity for the first quarter of 2012 was 15.30%, and the return on average assets was 1.15%.

Strong growth trends of recent years continued, as deposits increased by \$69.5 million representing a 9% increase from March 31, 2011. Net loans increased by 8% and total assets increased by 11% over those for the first quarter of 2011. Stockholders' equity increased to \$84.9 million as of March 31, 2012 representing a 13% increase from March 31, 2011 with a related increase in book value per share from \$35.31 to \$39.94.

At March 31, 2012 non-performing assets totaled 0.89% of total assets, down from 0.92% of total assets at both December 31, 2011 and March 31, 2011. For the quarter ended March 31, 2012, a provision of \$225,000 was made to the allowance for loan losses compared to \$300,000 for the same period in 2011. Foreclosure related expenses totaled \$200,000 for the quarter ended March 31, 2012 compared to \$168,000 for the quarter ended March 31, 2011.

President Robert H. Gaughen, Jr. stated, "Our quarterly earnings represent a 13% increase over the same period last year. We continue to experience consistent organic growth in our balance sheet. This growth, when combined with our outstanding efficiency, has again produced some of the strongest earnings in our industry."

Hingham Institution for Savings is a Massachusetts-chartered savings bank located in Hingham, Massachusetts. Incorporated in 1834, it is the oldest financial institution headquartered in Hingham and one of the oldest in the Commonwealth. The Bank's main office is located on Main Street, Hingham, Massachusetts. The Bank also maintains branch offices in South Hingham and the neighboring towns of Cohasset, Hull, Scituate, Weymouth and Norwell as well as two branches in Boston.

The Bank's shares of common stock are listed and traded on The NASDAQ Stock Market under the symbol HIFS.

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Balance Sheets

<i>(Dollars in thousands except per share data)</i> <i>(Unaudited)</i>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>	<u>March 31,</u> <u>2011</u>
ASSETS			
Cash and due from banks	\$ 8,146	\$ 8,918	\$ 7,037
Short-term investments	108,345	107,422	65,420
Cash and cash equivalents	<u>116,491</u>	<u>116,340</u>	<u>72,457</u>
Certificates of deposit	13,754	13,405	13,980
Securities available for sale, at fair value	99,772	96,689	94,053
Federal Home Loan Bank stock, at cost	13,159	13,373	13,373
Loans, net of allowance for loan losses of \$7,639 at March 31, 2012, \$7,516 at December 31, 2011 and \$7,205 at March 31, 2011	869,051	849,776	803,653
Foreclosed assets	3,884	3,629	3,044
Bank-owned life insurance	14,621	14,524	14,190
Premises and equipment, net	10,509	10,597	9,106
Accrued interest receivable	2,973	2,858	3,208
Prepaid FDIC assessment	1,755	1,871	2,173
Deferred income tax asset, net	3,462	3,425	2,852
Other assets	1,049	789	923
Total assets	<u>\$ 1,150,480</u>	<u>\$ 1,127,276</u>	<u>\$ 1,033,012</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	\$ 807,730	\$ 787,573	\$ 738,204
Federal Home Loan Bank advances	246,442	247,471	211,553
Mortgage payable	1,097	1,107	1,137
Mortgagors' escrow accounts	2,709	2,517	2,443
Accrued interest payable	472	475	571
Other liabilities	7,121	5,868	4,093
Total liabilities	<u>1,065,571</u>	<u>1,045,011</u>	<u>958,001</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; 2,125,750 shares issued and outstanding as of March 31, 2012 and December 31, 2011 and 2,124,250 shares issued and outstanding as of March 31, 2011	2,126	2,126	2,124
Additional paid-in capital	10,500	10,500	10,417
Undivided profits	72,114	69,404	62,369
Accumulated other comprehensive income	169	235	101
Total stockholders' equity	<u>84,909</u>	<u>82,265</u>	<u>75,011</u>
Total liabilities and stockholders' equity	<u>\$ 1,150,480</u>	<u>\$ 1,127,276</u>	<u>\$ 1,033,012</u>

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended	
	March 31,	
	2012	2011
<i>(Dollars in thousands, except per share amounts)</i>		
<i>(Unaudited)</i>		
Interest and dividend income:		
Loans	\$ 11,843	\$ 11,568
Debt securities	149	239
Equity securities	42	34
Short-term investments and certificates of deposit	89	82
Total interest and dividend income	12,123	11,923
Interest expense:		
Deposits	1,506	1,758
Federal Home Loan Bank advances	1,240	1,492
Mortgage payable	16	17
Total interest expense	2,762	3,267
Net interest income	9,361	8,656
Provision for loan losses	225	300
Net interest income, after provision for loan losses	9,136	8,356
Other income:		
Customer service fees on deposits	253	235
Increase in Bank-owned life insurance	97	116
Miscellaneous	57	60
Total other income	407	411
Operating expenses:		
Salaries and employee benefits	2,335	2,150
Data processing	231	221
Occupancy and equipment	419	355
Deposit insurance	133	319
Foreclosure	200	168
Marketing	134	111
Other general and administrative	625	587
Total operating expenses	4,077	3,911
Income before income taxes	5,466	4,856
Income tax provision	2,225	1,976
Net income	\$ 3,241	\$ 2,880
Cash dividends declared per common share	\$ 0.25	\$ 0.24
Weighted average shares outstanding:		
Basic	2,126	2,124
Diluted	2,127	2,125
Earnings per share:		
Basic	\$ 1.52	\$ 1.36
Diluted	\$ 1.52	\$ 1.35

HINGHAM INSTITUTION FOR SAVINGS
Net Interest Income Analysis

Three Months Ending March 31,

	2012			2011		
	AVERAGE BALANCE	INTEREST	YIELD/ RATE	AVERAGE BALANCE	INTEREST	YIELD/ RATE
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 864,131	\$ 11,843	5.48 %	\$ 806,714	\$ 11,568	5.74 %
Securities (3) (4)	97,387	191	0.78	107,945	273	1.01
Short-term investments and certificates of deposit	115,706	89	0.31	72,365	82	0.45
Total earning assets	<u>1,077,224</u>	<u>12,123</u>	<u>4.50</u>	<u>987,024</u>	<u>11,923</u>	<u>4.83</u>
Other assets	46,899			34,203		
Total assets	<u>\$ 1,124,123</u>			<u>\$ 1,021,227</u>		
Interest-bearing deposits (5)	\$ 735,651	1,506	0.82	\$ 682,247	1,758	1.03
Borrowed funds	236,817	1,256	2.12	206,527	1,509	2.92
Total interest-bearing liabilities	<u>972,468</u>	<u>2,762</u>	<u>1.14</u>	<u>888,774</u>	<u>3,267</u>	<u>1.47</u>
Demand deposits	63,352			54,222		
Other liabilities	3,547			3,266		
Total liabilities	<u>1,039,367</u>			<u>946,262</u>		
Stockholders' equity	84,756			74,965		
Total liabilities and stockholders' equity	<u>\$ 1,124,123</u>			<u>\$ 1,021,227</u>		
Net interest income		<u>\$ 9,361</u>			<u>\$ 8,656</u>	
Weighted average spread			<u>3.36 %</u>			<u>3.36 %</u>
Net interest margin (6)			<u>3.48 %</u>			<u>3.51 %</u>
Average interest-earning assets to average interest-bearing liabilities (7)			<u>110.77 %</u>			<u>111.05 %</u>

- (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 earning assets.
- (7)) Total earning assets divided by total interest-bearing liabilities.

HINGHAM INSTITUTION FOR SAVINGS
Selected Financial Ratios

	Three Months Ended March 31,	
	2012	2011
<i>(Unaudited)</i>		
Key Performance Ratios		
Return on average assets (1)	1.15 %	1.13 %
Return on average equity (1)	15.30	15.37
Interest rate spread (1) (2)	3.36	3.36
Net interest margin (1) (3)	3.48	3.51
Non-interest expense to average assets (1)	1.45	1.53
Efficiency ratio (4)	41.74	43.13
Average equity to average assets	7.54	7.34
Average interest-bearing assets to average interest bearing liabilities	110.77	111.05

	March 31, 2012	December 31, 2011	March 31, 2011
<i>(Unaudited)</i>			
Asset Quality Ratios			
Allowance for loan losses/total loans	0.87 %	0.88 %	0.89 %
Allowance for loan losses/non-performing loans	120.09	111.30	110.80
Non-performing loans/total loans	0.73	0.79	0.81
Non-performing loans/total assets	0.55	0.60	0.63
Non-performing assets/total assets	0.89	0.92	0.92
Share Related			
Book value per share	\$ 39.94	\$ 38.70	\$ 35.31
Market value per share	\$ 56.44	\$ 47.80	\$ 51.51
Shares outstanding at end of period	2,125,750	2,125,750	2,124,250

(1) Annualized

(2) Interest rate spread represents the difference between the yield on 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.