



## PRESS RELEASE

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Hingham, MA (NASDAQ: HIFS)  
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### **24% INCREASE IN NET OPERATING EARNINGS, EXCLUDING LAST YEAR'S \$5.7 MILLION OF NET INCOME FROM ONE-TIME EVENT**

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced first quarter earnings for 2015. Net income for the quarter ended March 31, 2015 was \$4,515,000 or \$2.12 per share basic and \$2.11 per share diluted as compared to \$9,375,000 or \$4.40 per share (basic and diluted) for the same period last year. Earnings for the first quarter of 2014 included a net gain of approximately \$5.7 million related to non-taxable life insurance death benefit income of \$6,302,000 less an accrual of \$949,000 for a contractual death benefit liability, and \$388,000 in related income tax benefit. Excluding this event, the Bank earned \$3,634,000 or \$1.71 per share (basic and diluted) for the first quarter of 2014.

The Bank's return on average equity for the first quarter of 2015 was 14.52%, and the return on average assets was 1.15% compared to a return on average equity of 18.87% and the return on assets of 1.47% for the same period in 2014. Excluding the one-time event, the Bank's return on average equity for the first quarter of 2014 was 13.53%, and the return on average assets was 1.05%.

Strong growth trends of recent years continued, as deposits increased by \$125.5 million representing a 12% increase from March 31, 2014. Net loans increased by 11% and total assets increased by 9% as compared to March 31, 2014. Stockholders' equity increased \$13.3 million from March 31, 2014 to March 31, 2015, representing a 12% increase, with a related increase in book value per share from \$52.70 to \$58.95.

Key credit and operational metrics continued to improve. At March 31, 2015, non-performing assets totaled 0.17% of total assets, a decrease from 0.20% at December 31, 2014 and 0.51% at March 31, 2014. Non-performing loans as a percentage of the total loan portfolio totaled 0.16% at March 31, 2015 compared to 0.18% at December 31, 2014 and 0.56% at March 31, 2014. The efficiency ratio improved to 38.31% for the first quarter of 2015 as compared to 42.98% for the same period in 2014. Non-interest expense as a percentage of average assets fell to 1.23% for the first quarter of 2015 as compared to 1.45% for the same period in 2014. These reductions reflect the Bank's particular focus on disciplined expense management and effective credit management.

President Robert H. Gaughen Jr. stated, "We continue to emphasize conservative underwriting, cost discipline, careful capital allocation and measured growth. We remain committed to the fundamentally conservative strategies that have produced long-term value for our shareholders."

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 continually operating banks in the United States. The Bank's main offices are located on Main Street, Hingham, Massachusetts 02043, phone (781) 749-2200. The Bank also maintains branch offices in South Hingham and the neighboring towns of Cohasset, Hull, Norwell, Scituate and Weymouth, as well as branches in the South End of Boston and on Beacon Hill and on the island of Nantucket.

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>(In thousands)</i> <i>(Unaudited)</i>	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>March 31,</u> <u>2014</u>
<b>ASSETS</b>			
Cash and due from banks	\$ 5,901	\$ 6,917	\$ 17,409
Short-term investments	182,399	170,305	110,830
Cash and cash equivalents	<u>188,300</u>	<u>177,222</u>	<u>128,239</u>
Certificates of deposit	10,722	12,926	12,763
Securities available for sale, at fair value	66,853	70,570	105,443
Federal Home Loan Bank stock, at cost	17,855	17,855	16,007
Loans, net of allowance for loan losses of \$9,284 at March 31, 2015, \$9,108 at December 31, 2014 and \$8,660 at March 31, 2014	1,254,913	1,238,656	1,130,902
Foreclosed assets	586	786	983
Bank-owned life insurance	11,486	11,416	11,201
Premises and equipment, net	15,091	15,211	15,686
Accrued interest receivable	3,001	2,959	2,877
Deferred income tax asset, net	2,632	2,642	2,842
Other assets	2,491	1,962	12,630
Total assets	<u>\$ 1,573,930</u>	<u>\$ 1,552,205</u>	<u>\$ 1,439,573</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Deposits	\$ 1,135,850	\$ 1,089,217	\$ 1,010,347
Federal Home Loan Bank advances	300,568	329,602	303,715
Mortgage payable	960	973	1,008
Mortgagors' escrow accounts	4,411	4,476	3,993
Accrued interest payable	341	350	424
Other liabilities	6,307	6,072	7,905
Total liabilities	<u>1,448,437</u>	<u>1,430,690</u>	<u>1,327,392</u>
Stockholders' equity:			
Preferred stock, \$1.00 par value, 2,500 shares authorized, none issued	—	—	—
Common stock, \$1.00 par value, 5,000 shares authorized; 2,129 shares issued and outstanding	2,129	2,129	2,129
Additional paid-in capital	10,965	10,942	10,659
Undivided profits	112,162	108,243	99,250
Accumulated other comprehensive income	237	201	143
Total stockholders' equity	<u>125,493</u>	<u>121,515</u>	<u>112,181</u>
Total liabilities and stockholders' equity	<u>\$ 1,573,930</u>	<u>\$ 1,552,205</u>	<u>\$ 1,439,573</u>

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
<i>(In thousands, except per share amounts)</i>		
<i>(Unaudited)</i>		
Interest and dividend income:		
Loans	\$ 14,538	\$ 12,946
Debt securities	62	91
Equity securities	155	114
Short-term investments and certificates of deposit	136	69
Total interest and dividend income	14,891	13,220
Interest expense:		
Deposits	1,827	1,437
Federal Home Loan Bank advances	721	1,055
Mortgage payable	14	15
Total interest expense	2,562	2,507
Net interest income	12,329	10,713
Provision for loan losses	175	150
Net interest income, after provision for loan losses	12,154	10,563
Other income:		
Customer service fees on deposits	228	243
Increase in cash surrender value of life insurance	70	93
Life insurance death benefit	—	6,302
Miscellaneous	59	54
Total other income	357	6,692
Operating expenses:		
Salaries and employee benefits	2,904	3,786
Data processing	296	283
Occupancy and equipment	554	496
Deposit insurance	217	190
Foreclosure	77	190
Marketing	121	136
Other general and administrative	691	640
Total operating expenses	4,860	5,721
Income before income taxes	7,651	11,534
Income tax provision	3,136	2,159
Net income	\$ 4,515	\$ 9,375
Cash dividends declared per common share	\$ 0.28	\$ 0.27
Weighted average shares outstanding:		
Basic	2,129	2,129
Diluted	2,140	2,131
Earnings per share:		
Basic	\$ 2.12	\$ 4.40
Diluted	\$ 2.11	\$ 4.40

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

	Three Months Ended March 31,					
	2015			2014		
	<u>AVERAGE BALANCE</u>	<u>INTEREST</u>	<u>YIELD/ RATE*</u>	<u>AVERAGE BALANCE</u>	<u>INTEREST</u>	<u>YIELD/ RATE*</u>
<i>(Dollars in thousands)</i>						
<i>(Unaudited)</i>						
Loans (1) (2)	\$ 1,250,321	\$ 14,538	4.65 %	\$ 1,114,240	\$ 12,946	4.65 %
Securities (3) (4)	87,063	217	1.00	119,187	205	0.69
Short-term investments and certificates of deposit	204,586	136	0.27	107,030	69	0.26
Total earning assets	<u>1,541,970</u>	<u>14,891</u>	<u>3.86</u>	<u>1,340,457</u>	<u>13,220</u>	<u>3.94</u>
Other assets	32,692			38,193		
Total assets	<u>\$ 1,574,662</u>			<u>\$ 1,378,650</u>		
Interest-bearing deposits (5)	\$ 1,005,824	1,827	0.73	\$ 869,209	1,437	0.66
Borrowed funds	324,979	735	0.90	307,325	1,070	1.39
Total interest-bearing liabilities	<u>1,330,803</u>	<u>2,562</u>	<u>0.77</u>	<u>1,176,534</u>	<u>2,507</u>	<u>0.85</u>
Demand deposits	114,755			92,206		
Other liabilities	4,750			2,438		
Total liabilities	<u>1,450,308</u>			<u>1,271,178</u>		
Stockholders' equity	124,354			107,472		
Total liabilities and stockholders' equity	<u>\$ 1,574,662</u>			<u>\$ 1,378,650</u>		
Net interest income		<u>\$ 12,329</u>			<u>\$ 10,713</u>	
Weighted average spread			<u>3.09 %</u>			<u>3.09 %</u>
Net interest margin (6)			<u>3.20 %</u>			<u>3.20 %</u>
Average interest-earning assets to average interest-bearing liabilities (7)			<u>115.87 %</u>			<u>113.93 %</u>

\* Annualized

- (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**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<i>(Unaudited)</i>		
<b>Key Performance Ratios</b>		
Return on average assets (1)	1.15 %	1.47 %
Return on average equity (1)	14.52	18.87
Interest rate spread (2)	3.09	3.09
Net interest margin (3)	3.20	3.20
Non-interest expense to average assets (1)	1.23	1.45
Efficiency ratio (4)	38.31	42.98
Average equity to average assets	7.90	7.80
Average interest-bearing assets to average interest bearing liabilities	115.87	113.93

	<b>March 31, 2015</b>	<b>December 31, 2014</b>	<b>March 31, 2014</b>
<i>(Unaudited)</i>			
<b>Asset Quality Ratios</b>			
Allowance for loan losses/total loans	0.74 %	0.73 %	0.76 %
Allowance for loan losses/non-performing loans	447.64	397.04	135.12
Non-performing loans/total loans	0.16	0.18	0.56
Non-performing loans/total assets	0.13	0.15	0.45
Non-performing assets/total assets	0.17	0.20	0.51
<b>Share Related</b>			
Book value per share	\$ 58.95	\$ 57.08	\$ 52.70
Market value per share	\$ 99.00	\$ 87.01	\$ 78.50
Shares outstanding at end of period	2,128,750	2,128,750	2,128,750

- (1) Annualized, except for the applicable elements of the \$5.7 million event in 2014 which were included but not annualized.
- (2) Annualized. Interest rate spread represents the difference between the yield on earning assets and cost of interest-bearing liabilities.
- (3) Annualized. Net interest margin represents net interest income divided by average earning assets.
- (4) The efficiency ratio represents operating expenses divided by the sum of net interest income and other income. The ratio for 2014 excludes the \$6.3 million life insurance death benefit from other income and \$949,000 in salaries and benefits expense for the related accrual of a contractual death benefit liability.