



PRESS RELEASE

FROM: Robert H. Gaughen, Jr., President
Hingham Institution for Savings
Hingham, MA (NASDAQ: HIFS)
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CONTACT: Patrick R. Gaughen, Executive Vice President (781) 783-1761

22% INCREASE IN QUARTERLY EARNINGS PER SHARE, 15.59% RETURN ON EQUITY

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ: HIFS), Hingham, Massachusetts announced third quarter earnings for 2016. Net income for the quarter ended September 30, 2016 was \$5,945,000 or \$2.79 per share basic and \$2.76 per share diluted as compared to \$4,874,000 or \$2.29 per share basic and \$2.27 per share diluted for the third quarter of 2015. Net income per share (basic) for the third quarter of 2016 increased 22% over the same period in 2015. The Bank's annualized return on average equity for the third quarter of 2016 was 15.59%, and the annualized return on average assets was 1.23% as compared to 14.67% and 1.18% for the same period in 2015.

Net income for the nine months ended September 30, 2016 was \$17,136,000 or \$8.04 per share basic and \$7.97 per share diluted as compared to \$14,112,000 or \$6.63 per share basic and \$6.58 per share diluted for the same period last year. Net income per share (basic) for the first nine months of 2016 increased 21% over the same period in 2015. The Bank's annualized return on average equity for the first nine months of 2016 was 15.53% and the annualized return on average assets was 1.21% , as compared to 14.63% and 1.17% for the same period in 2015.

Strong balance sheet growth trends of recent years continued, as deposits were \$1.335 billion at September 30, 2016, representing 13% annualized growth year-to-date and 13% growth from September 30, 2015. Net loans were \$1.563 billion at September 30, 2016, representing 15% annualized growth year-to-date and 16% growth from September 30, 2015. Total assets were \$1.960 billion at September 30, 2016, representing 14% annualized growth year-to-date and 16% growth from September 30, 2015. Book value per share increased to \$72.35 per share at September 30, 2016, representing a 15% annualized growth rate year-to-date and a 15% increase from September 30, 2015. In addition to the increase in book value per share, the Bank has declared \$1.52 in dividends per share since September 30, 2015.

Key credit and operational metrics remained steady in the third quarter of 2016. At September 30, 2016, non-performing assets totaled 0.16% of total assets as compared with 0.10% at December 31, 2015 and 0.17% at September 30, 2015. Non-performing loans as a percentage of the total loan portfolio totaled 0.20% at September 30, 2016, as compared to 0.13% at December 31, 2015 and 0.21% at September 30, 2015. At September 30, 2016, the Bank did not own any foreclosed property. The efficiency ratio improved to 31.57% for the third quarter of 2016, as compared to 36.19% for the same period last year. Non-interest expense (annualized) as a percentage of average assets fell to 0.99% for the third quarter of 2016, as compared to 1.15% for the same period last year. These metrics reflect the Bank's disciplined focus on credit and expense management.

President Robert H. Gaughen, Jr. stated, "We are pleased to report another quarter of strong performance. At Hingham, we take our role as stewards of the shareholders' capital seriously. Our emphasis on careful capital allocation, defensive and conservative underwriting, and disciplined cost control continues to serve our owners well. More important than performance in any one period, however, is a company's record of compounding shareholder capital over time and through credit cycles. 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 the oldest financial institution headquartered in Hingham and one of the oldest continuously operating banks in the United States. The Bank's main offices are located on Main Street in Hingham, MA. The Bank also maintains branch offices in South Hingham and the neighboring towns of Cohasset, Hull, Scituate, Norwell and Weymouth as well as branches in the South End of Boston, 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
Selected Financial Ratios

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2016	2015	2016
<i>(Unaudited)</i>				
Key Performance Ratios				
Return on average assets (1)	1.18 %	1.23 %	1.17 %	1.21 %
Return on average equity (1)	14.67	15.59	14.63	15.53
Interest rate spread (1) (2)	3.04	3.00	3.08	2.97
Net interest margin (1) (3)	3.16	3.12	3.19	3.09
Non-interest expense to average assets (1)	1.15	0.99	1.19	1.02
Efficiency ratio (4)	36.19	31.57	36.94	32.94
Average equity to average assets	8.01	7.88	8.00	7.78
Average interest-earning assets to average interest-bearing liabilities	115.97	116.41	115.84	116.03

	September 30, 2015	December 31, 2015	September 30, 2016
<i>(Unaudited)</i>			
Asset Quality Ratios			
Allowance for loan losses/total loans	0.71 %	0.70 %	0.68 %
Allowance for loan losses/non-performing loans	345.96	540.37	334.89
Non-performing loans/total loans	0.21	0.13	0.20
Non-performing loans/total assets	0.16	0.10	0.16
Non-performing assets/total assets	0.17	0.10	0.16
Share Related			
Book value per share	\$ 62.94	\$ 64.83	\$ 72.35
Market value per share	\$ 116.03	\$ 119.80	\$ 138.50
Shares outstanding at end of period	2,128,750	2,128,750	2,130,750

- (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>	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2015</u>	<u>September 30,</u> <u>2016</u>
ASSETS			
Cash and due from banks	\$ 6,646	\$ 6,944	\$ 7,849
Short-term investments	231,311	254,069	305,990
Cash and cash equivalents	237,957	261,013	313,839
Certificates of deposit	7,448	6,206	1,142
Securities available for sale, at fair value	48,943	40,603	22,882
Federal Home Loan Bank stock, at cost	18,454	19,796	24,203
Loans, net of allowance for loan losses of \$9,635 at September 30, 2015, \$9,905 at December 31, 2015 and \$10,713 at September 30, 2016	1,342,634	1,405,533	1,562,934
Foreclosed assets	118	—	—
Bank-owned life insurance	11,628	11,697	11,900
Premises and equipment, net	15,130	15,094	14,605
Accrued interest receivable	3,156	3,270	3,394
Deferred income tax asset, net	2,627	3,281	2,957
Other assets	2,864	2,035	2,453
Total assets	<u>\$ 1,690,959</u>	<u>\$ 1,768,528</u>	<u>\$ 1,960,309</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing deposits	\$ 1,057,392	\$ 1,088,742	\$ 1,183,905
Non-interest-bearing deposits	122,578	128,285	151,284
Deposits	1,179,970	1,217,027	1,335,189
Federal Home Loan Bank advances	367,499	402,464	460,356
Mortgage payable	935	922	882
Mortgagors' escrow accounts	4,629	4,850	5,389
Accrued interest payable	281	303	360
Other liabilities	3,669	4,947	3,979
Total liabilities	<u>1,556,983</u>	<u>1,630,513</u>	<u>1,806,155</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; 2,128,750 shares issued and outstanding at September 30, 2015 and December 31, 2015 and 2,130,750 shares issued and outstanding at September 30, 2016	2,129	2,129	2,131
Additional paid-in capital	11,029	11,052	11,351
Undivided profits	120,524	124,481	139,656
Accumulated other comprehensive income	294	353	1,016
Total stockholders' equity	<u>133,976</u>	<u>138,015</u>	<u>154,154</u>
Total liabilities and stockholders' equity	<u>\$ 1,690,959</u>	<u>\$ 1,768,528</u>	<u>\$ 1,960,309</u>

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2016	2015	2016
<i>(In thousands, except per share amounts)</i>				
<i>(Unaudited)</i>				
Interest and dividend income:				
Loans	\$ 15,180	\$ 17,477	\$ 44,450	\$ 50,890
Debt securities	43	6	162	52
Equity securities	231	352	545	881
Short-term investments and certificates of deposit	154	382	424	1,126
Total interest and dividend income	<u>15,608</u>	<u>18,217</u>	<u>45,581</u>	<u>52,949</u>
Interest expense:				
Deposits	2,047	2,435	5,748	7,125
Federal Home Loan Bank advances	728	933	2,162	2,782
Mortgage payable	14	13	43	40
Total interest expense	<u>2,789</u>	<u>3,381</u>	<u>7,953</u>	<u>9,947</u>
Net interest income	12,819	14,836	37,628	43,002
Provision for loan losses	175	300	525	810
Net interest income, after provision for loan losses	<u>12,644</u>	<u>14,536</u>	<u>37,103</u>	<u>42,192</u>
Other income:				
Customer service fees on deposits	250	239	731	691
Increase in bank-owned life insurance	71	63	212	203
Gain on sale of securities	29	—	29	344
Miscellaneous	46	45	142	143
Total other income	<u>396</u>	<u>347</u>	<u>1,114</u>	<u>1,381</u>
Operating expenses:				
Salaries and employee benefits	2,875	2,927	8,701	8,988
Occupancy and equipment	513	446	1,586	1,401
Data processing	291	318	891	926
Deposit insurance	224	265	662	771
Foreclosure	30	25	62	107
Marketing	126	104	384	329
Other general and administrative	713	708	2,015	1,983
Total operating expenses	<u>4,772</u>	<u>4,793</u>	<u>14,301</u>	<u>14,505</u>
Income before income taxes	8,268	10,090	23,916	29,068
Income tax provision	3,394	4,145	9,804	11,932
Net income	<u>\$ 4,874</u>	<u>\$ 5,945</u>	<u>\$ 14,112</u>	<u>\$ 17,136</u>
Cash dividends declared per share	<u>\$ 0.30</u>	<u>\$ 0.32</u>	<u>\$ 0.86</u>	<u>\$ 0.92</u>
Weighted average shares outstanding:				
Basic	<u>2,129</u>	<u>2,131</u>	<u>2,129</u>	<u>2,130</u>
Diluted	<u>2,146</u>	<u>2,152</u>	<u>2,144</u>	<u>2,150</u>
Earnings per share:				
Basic	<u>\$ 2.29</u>	<u>\$ 2.79</u>	<u>\$ 6.63</u>	<u>\$ 8.04</u>
Diluted	<u>\$ 2.27</u>	<u>\$ 2.76</u>	<u>\$ 6.58</u>	<u>\$ 7.97</u>

HINGHAM INSTITUTION FOR SAVINGS
Net Interest Income Analysis

Three Months Ended September 30,

	2015			2016		
	<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)	\$ 1,320,522	\$ 15,180	4.60 %	\$ 1,552,866	\$ 17,477	4.50 %
Securities (3) (4)	71,903	274	1.52	49,354	358	2.90
Short-term investments and certificates of deposit	232,181	154	0.27	300,435	382	0.51
Total interest-earning assets	<u>1,624,606</u>	<u>15,608</u>	<u>3.84</u>	<u>1,902,655</u>	<u>18,217</u>	<u>3.83</u>
Other assets	33,424			33,109		
Total assets	<u>\$ 1,658,030</u>			<u>\$ 1,935,764</u>		
Interest-bearing deposits (5)	\$ 1,043,970	2,047	0.78	\$ 1,194,292	2,435	0.82
Borrowed funds	356,930	742	0.83	440,104	946	0.86
Total interest-bearing liabilities	<u>1,400,900</u>	<u>2,789</u>	<u>0.80</u>	<u>1,634,396</u>	<u>3,381</u>	<u>0.83</u>
Demand deposits	120,303			144,497		
Other liabilities	3,952			4,334		
Total liabilities	<u>1,525,155</u>			<u>1,783,227</u>		
Stockholders' equity	132,875			152,537		
Total liabilities and stockholders' equity	<u>\$ 1,658,030</u>			<u>\$ 1,935,764</u>		
Net interest income		<u>\$ 12,819</u>			<u>\$ 14,836</u>	
Weighted average spread			<u>3.04 %</u>			<u>3.00 %</u>
Net interest margin (6)			<u>3.16 %</u>			<u>3.12 %</u>
Average interest-earning assets to average interest-bearing liabilities (7)			<u>115.97 %</u>			<u>116.41 %</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 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,

	2015			2016		
	<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)	\$ 1,282,979	\$ 44,450	4.62 %	\$ 1,500,203	\$ 50,890	4.52 %
Securities (3) (4)	80,275	707	1.17	57,358	933	2.17
Short-term investments and certificates of deposit	211,054	424	0.27	298,729	1,126	0.50
Total interest-earning assets	<u>1,574,308</u>	<u>45,581</u>	<u>3.86</u>	<u>1,856,290</u>	<u>52,949</u>	<u>3.80</u>
Other assets	32,972			33,265		
Total assets	<u>\$ 1,607,280</u>			<u>\$ 1,889,555</u>		
Interest-bearing deposits (5)	\$ 1,021,266	5,748	0.75	\$ 1,164,317	7,125	0.82
Borrowed funds	337,806	2,205	0.87	435,548	2,822	0.86
Total interest-bearing liabilities	<u>1,359,072</u>	<u>7,953</u>	<u>0.78</u>	<u>1,599,865</u>	<u>9,947</u>	<u>0.83</u>
Demand deposits	115,296			137,873		
Other liabilities	4,327			4,741		
Total liabilities	<u>1,478,695</u>			<u>1,742,479</u>		
Stockholders' equity	128,585			147,076		
Total liabilities and stockholders' equity	<u>\$ 1,607,280</u>			<u>\$ 1,889,555</u>		
Net interest income		<u>\$ 37,628</u>			<u>\$ 43,002</u>	
Weighted average spread			<u>3.08 %</u>			<u>2.97 %</u>
Net interest margin (6)			<u>3.19 %</u>			<u>3.09 %</u>
Average interest-earning assets to average interest-bearing liabilities (7)			<u>115.84 %</u>			<u>116.03 %</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 interest-earning assets.
- (7) Total interest-earning assets divided by total interest-bearing liabilities.
- (8) Annualized