



PRESS RELEASE

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Hingham, MA (NASDAQ – HIFS)

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STRONG QUARTERLY EARNINGS

HINGHAM INSTITUTION FOR SAVINGS (NASDAQ – HIFS), Hingham, Massachusetts announced first quarter earnings for 2013. Net income for the quarter ended March 31, 2013 was \$3,205,000 or \$1.51 per share (basic and diluted) as compared to \$3,241,000 or \$1.52 per share (basic and diluted) for the same period last year. The Bank's return on average equity for the first quarter of 2013 was 13.42%, and the return on average assets was 1.07%.

Strong growth trends of recent years continued, as deposits increased by \$69.1 million representing a 9% increase from March 31, 2012. Net loans increased by 11% and total assets increased by 7% over those for the first quarter of 2012. Stockholders' equity increased to \$95.5 million as of March 31, 2013 representing a 12% increase from March 31, 2012 with a related increase in book value per share from \$39.94 to \$44.88.

At March 31, 2013 non-performing assets totaled 0.36% of total assets, down from 0.89% of total assets at March 31, 2012. For the quarter ended March 31, 2013, a provision of \$100,000 was made to the allowance for loan losses compared to \$225,000 for the same period in 2012. Foreclosure related expenses totaled \$80,000 for the quarter ended March 31, 2013 compared to \$200,000 for the quarter ended March 31, 2012.

President Robert H. Gaughen, Jr. stated, "Consistent with the general banking industry, the Bank is seeing the impact of the extended period of low rates on our net interest margin. Despite this difficult extended trend, vigorous growth in our balance sheet,

combined with our outstanding efficiency and cost control, continues to produce 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. It anticipates opening its newest branch on the Island of Nantucket this summer.

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>2013</u>	<u>December 31,</u> <u>2012</u>	<u>March 31,</u> <u>2012</u>
ASSETS			
Cash and due from banks	\$ 6,262	\$ 7,961	\$ 8,146
Short-term investments	91,061	79,373	108,345
Cash and cash equivalents	<u>97,323</u>	<u>87,334</u>	<u>116,491</u>
Certificates of deposit	12,999	13,737	13,754
Securities available for sale, at fair value	102,561	102,866	99,772
Federal Home Loan Bank stock, at cost	13,824	14,105	13,159
Loans, net of allowance for loan losses of \$8,216 at March 31, 2013, \$7,999 at December 31, 2012 and \$7,639 at March 31, 2012	961,051	949,662	869,051
Foreclosed assets	471	471	3,884
Bank-owned life insurance	15,054	14,945	14,621
Premises and equipment, net	14,330	14,180	10,509
Accrued interest receivable	3,063	2,667	2,973
Prepaid FDIC assessment	1,215	1,364	1,755
Deferred income tax asset, net	2,580	2,556	3,462
Other assets	<u>1,550</u>	<u>1,997</u>	<u>1,049</u>
Total assets	<u>\$ 1,226,021</u>	<u>\$ 1,205,884</u>	<u>\$ 1,150,480</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits	\$ 876,876	\$ 869,886	\$ 807,730
Federal Home Loan Bank advances	244,325	234,355	246,442
Mortgage payable	1,054	1,065	1,097
Mortgagors' escrow accounts	3,136	3,231	2,709
Accrued interest payable	477	478	472
Other liabilities	4,676	4,070	7,121
Total liabilities	<u>1,130,544</u>	<u>1,113,085</u>	<u>1,065,571</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; 2,127,250 shares issued and outstanding as of March 31, 2013 and 2,125,750 shares issued and outstanding as of December 31, 2012 and March 31, 2012	2,127	2,126	2,126
Additional paid-in capital	10,587	10,519	10,500
Undivided profits	82,582	79,930	72,114
Accumulated other comprehensive income	181	224	169
Total stockholders' equity	<u>95,477</u>	<u>92,799</u>	<u>84,909</u>
Total liabilities and stockholders' equity	<u>\$ 1,226,021</u>	<u>\$ 1,205,884</u>	<u>\$ 1,150,480</u>

HINGHAM INSTITUTION FOR SAVINGS
Consolidated Statements of Income

	Three Months Ended	
	March 31,	
	2013	2012
<i>(Dollars in thousands, except per share amounts)</i>		
<i>(Unaudited)</i>		
Interest and dividend income:		
Loans	\$ 11,788	\$ 11,843
Debt securities	109	149
Equity securities	38	42
Short-term investments and certificates of deposit	68	89
Total interest and dividend income	12,003	12,123
Interest expense:		
Deposits	1,429	1,506
Federal Home Loan Bank advances	1,208	1,240
Mortgage payable	16	16
Total interest expense	2,653	2,762
Net interest income	9,350	9,361
Provision for loan losses	100	225
Net interest income, after provision for loan losses	9,250	9,136
Other income:		
Customer service fees on deposits	238	253
Increase in Bank-owned life insurance	109	97
Miscellaneous	50	57
Total other income	397	407
Operating expenses:		
Salaries and employee benefits	2,554	2,335
Data processing	239	231
Occupancy and equipment	481	419
Deposit insurance	167	133
Foreclosure	80	200
Marketing	78	134
Other general and administrative	619	625
Total operating expenses	4,218	4,077
Income before income taxes	5,429	5,466
Income tax provision	2,224	2,225
Net income	\$ 3,205	\$ 3,241
Cash dividends declared per common share	\$ 0.26	\$ 0.25
Weighted average shares outstanding:		
Basic	2,127	2,126
Diluted	2,129	2,127
Earnings per share:		
Basic	\$ 1.51	\$ 1.52
Diluted	\$ 1.51	\$ 1.52

HINGHAM INSTITUTION FOR SAVINGS
Net Interest Income Analysis

	Three Months Ending March 31,					
	2013			2012		
	<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)	\$ 957,700	\$ 11,788	4.92 %	\$ 864,131	\$ 11,843	5.48 %
Securities (3) (4)	115,709	147	0.51	107,451	191	0.71
Short-term investments and certificates of deposit	93,708	68	0.29	115,706	89	0.31
Total earning assets	<u>1,167,117</u>	<u>12,003</u>	<u>4.11</u>	<u>1,087,288</u>	<u>12,123</u>	<u>4.46</u>
Other assets	35,930			36,835		
Total assets	<u>\$ 1,203,047</u>			<u>\$ 1,124,123</u>		
Interest-bearing deposits (5)	\$ 793,936	1,429	0.72	\$ 735,651	1,506	0.82
Borrowed funds	234,782	1,224	2.09	236,817	1,256	2.12
Total interest-bearing liabilities	<u>1,028,718</u>	<u>2,653</u>	<u>1.03</u>	<u>972,468</u>	<u>2,762</u>	<u>1.14</u>
Demand deposits	76,176			63,352		
Other liabilities	2,629			4,077		
Total liabilities	<u>1,107,523</u>			<u>1,039,897</u>		
Stockholders' equity	95,524			84,226		
Total liabilities and stockholders' equity	<u>\$ 1,203,047</u>			<u>\$ 1,124,123</u>		
Net interest income		<u>\$ 9,350</u>			<u>\$ 9,361</u>	
Weighted average spread			<u>3.08 %</u>			<u>3.32 %</u>
Net interest margin (6)			<u>3.20 %</u>			<u>3.44 %</u>
Average interest-earning assets to average interest-bearing liabilities (7)			<u>113.45 %</u>			<u>110.81 %</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,	
	2013	2012
<i>(Unaudited)</i>		
Key Performance Ratios		
Return on average assets (1)	1.07 %	1.15 %
Return on average equity (1)	13.42	15.39
Interest rate spread (1) (2)	3.08	3.32
Net interest margin (1) (3)	3.20	3.44
Non-interest expense to average assets (1)	1.40	1.45
Efficiency ratio (4)	43.27	41.74
Average equity to average assets	7.94	7.49
Average interest-bearing assets to average interest bearing liabilities	113.45	110.81

	March 31, 2013	December 31, 2012	March 31, 2012
<i>(Unaudited)</i>			
Asset Quality Ratios			
Allowance for loan losses/total loans	0.85 %	0.84 %	0.87 %
Allowance for loan losses/non-performing loans	209.38	273.66	120.09
Non-performing loans/total loans	0.41	0.31	0.73
Non-performing loans/total assets	0.32	0.24	0.55
Non-performing assets/total assets	0.36	0.28	0.89
Share Related			
Book value per share	\$ 44.88	\$ 43.65	\$ 39.94
Market value per share	\$ 69.70	\$ 62.60	\$ 56.44
Shares outstanding at end of period	2,127,250	2,125,750	2,124,750

(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.