



NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

DATE

APRIL 26, 2018

TIME

4:00 P.M. Local Time

PLACE

Old Derby Academy
34 Main Street
Hingham, MA 02043

HINGHAM INSTITUTION FOR SAVINGS
55 Main Street
Hingham, Massachusetts 02043
(781) 749-2200

**NOTICE OF 2018 ANNUAL MEETING
OF STOCKHOLDERS**

To the Holders of Common Stock
of Hingham Institution for Savings

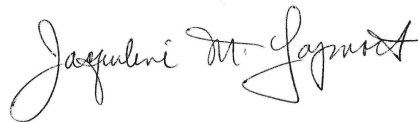
NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders of Hingham Institution for Savings (the "Bank") will be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 26, 2018 at 4:00 p.m. local time (the "Meeting") for the following purposes, all as set forth in the attached Proxy Statement:

1. To elect six Class III Directors named in the proxy statement, each to serve for a three-year term and until his or her respective successor is duly elected and qualified;
2. To elect Jacqueline A. Youngworth as the Clerk of the Bank, to hold office until the 2019 Annual Meeting of Stockholders, and until her successor is duly elected and qualified;
3. To hold an advisory vote on the Bank's named executive officer compensation;
4. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 2, 2018, as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting and any adjournments thereof.

Your attention is called to the accompanying Proxy Statement.

By Order of the Board of Directors,



Jacqueline M. Youngworth
Clerk

Hingham, Massachusetts
March 13, 2018

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED WITHIN THE UNITED STATES. IT IS IMPORTANT THAT PROXIES BE MAILED PROMPTLY.

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Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 26, 2018:

This Proxy Statement and the Bank’s Annual Report on Form 10-K for the fiscal year ended 2017 are available electronically at www.hinghamavings.com

HINGHAM INSTITUTION FOR SAVINGS

55 Main Street

Hingham, Massachusetts 02043

(781) 749-2200

**PROXY STATEMENT
FOR THE
2018 ANNUAL MEETING OF STOCKHOLDERS**

Accompanying this Proxy Statement is a Notice of the 2018 Annual Meeting of Stockholders (the “Meeting”) of Hingham Institution for Savings (the “Bank”) to be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 26, 2018, at 4:00 p.m. local time. If you need directions for the Meeting to attend and vote in person, please call (781) 749-2200. Also enclosed is a form of proxy for the Meeting (and any adjournment or postponement thereof). This Proxy Statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by the Board of Directors of the Bank, and are first being sent to stockholders on or about March 13, 2018.

PROXY SUMMARY

Date, Time and Place of Annual Meeting

The Annual Meeting of Stockholders will be held at the Old Derby Academy, 34 Main Street, Hingham, Massachusetts 02043, on Thursday, April 26, 2018, at 4:00 p.m. local time.

Purpose of the Annual Meeting

The purpose of the Meeting is: (1) to elect six Class III Directors of the Bank to serve for a three-year term; (2) to elect a Clerk of the Bank to serve for a one-year term; (3) to approve, by advisory vote, the Bank’s named executive officer compensation; and (4) to transact such other business as may properly come before the Meeting and any adjournment or postponement thereof.

Record Date and Required Stockholder Vote

The Board of Directors has fixed the close of business on March 2, 2018 as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof. Only holders of record of the Bank’s Common Stock at the close of business on the record date will be entitled to notice of, and to vote at, the Meeting or any adjournments thereof. At the close of business on the record date, there were 2,132,750 shares of the Bank’s common stock, \$1.00 par value per share (the “Common Stock”) issued and outstanding. Each outstanding share of Common Stock is entitled to one vote.

The presence, in person or by proxy, of the holders of a majority in interest of Common Stock is necessary to constitute a quorum for the transaction of business at the Meeting. The six Class III Directors and the Clerk will be elected by a plurality of the votes cast. Abstentions and broker non-votes will have no effect on the outcome of the election of Directors and the Clerk. The affirmative vote of the holders of a majority of the shares voting on such matter is necessary to adopt the advisory vote on the Bank’s named executive officer compensation. Abstentions will have the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

As of February 1, 2018, the Directors and principal officers of the Bank owned in the aggregate

approximately 37% of the issued and outstanding shares of Common Stock which may be voted at the Meeting.

Your proxy may be revoked at any time before it is exercised. Any stockholder of record attending the Meeting may vote in person even though he or she may have previously submitted a proxy. Your proxy may be revoked by written notice to the Bank prior to the Meeting, by delivering to the Bank a duly executed proxy bearing a later date, or by appearing in person at the Meeting and voting by ballot. If you hold your shares in “street name,” you must request a proxy from your broker, board or other nominee in order to vote at the Meeting.

PROPOSALS

Proposal One: Election of Directors (Page 7)

The Bank’s Amended and Restated Articles of Organization (the “Charter”) and By-Laws provide that the Board of Directors shall be divided into three classes, with the Directors in each class serving for a term of three years.

At the Meeting, stockholders of the Bank are being asked to elect six Class III Directors of the Bank to serve for a three-year term and until their successors are elected at the 2021 Annual Meeting of Stockholders. The Board of Directors of the Bank has nominated Michael J. Desmond, Ronald D. Falcione, Robert A. Lane, Esq., Scott L. Moser, Jacqueline M. Youngworth and Kara Gaughen Smith, each of whom is currently serving as a Director of the Bank. See “ELECTION OF DIRECTORS (Notice Item 1).”

The Board of Directors recommends that the stockholders vote FOR the election of the six nominees.

Proposal Two: Election of Clerk (Page 36)

Under Massachusetts law, the Clerk of the Bank is to be elected by the stockholders at an annual meeting or special meeting duly called for that purpose. At the Meeting, the stockholders of the Bank are being asked to elect Jacqueline M. Youngworth, the nominee proposed by the Board of Directors, as Clerk of the Bank to serve until the 2019 Annual Meeting of Stockholders, or special meeting in lieu thereof, and until her successor is elected and qualified. See “ELECTION OF CLERK (Notice Item 2).”

The Board of Directors recommends that the stockholders vote FOR the election of Jacqueline M. Youngworth as Clerk of the Bank.

Proposal Three: Advisory Vote on Executive Compensation (Page 36)

The Board of Directors is committed to excellence in governance and the development and retention of the highest quality management team. At the Meeting, as part of that commitment, the Board is providing stockholders the opportunity to approve an advisory vote on the compensation of our named executive officers. See “ADVISORY VOTE ON EXECUTIVE COMPENSATION (Notice Item 3).”

The Board of Directors recommends that the stockholders vote FOR the approval of the compensation of the Bank’s named executive officers as disclosed pursuant to the Securities and Exchange Commission’s compensation disclosure rules.

Other Business

The Board of Directors knows of no other business to be considered at the Meeting, and the deadline for stockholders to submit proposals or nominations has passed. However, if (1) other matters are properly presented at the Meeting, or at any adjournment or postponement of the Meeting and (2) you have properly submitted your proxy, then the persons named in the enclosed proxy will vote your shares on those matters according to his or her best judgment.

ELECTION OF DIRECTORS

(Notice Item 1)

The Board of Directors currently consists of sixteen members, divided into three classes as nearly equal in number as possible. Each nominee elected at the Meeting will hold office for a three-year term and until his or her successor is duly elected and qualified, or until his or her earlier resignation, death or removal.

The names of the six nominees for Class III Directors and certain information received from them are set forth below. All six of the nominees are currently Directors and each nominee has consented to serve if elected. If any nominee shall become unavailable for any reason, the shares represented by the enclosed proxy will be voted in favor of such other person as the Board of Directors may at the time recommend. The following tables list the name of each nominee, his or her age, period of service as a Director of the Bank, positions with the Bank, principal occupation and other directorships held. Other than Robert H. Gaughen, Jr., the President and Chief Executive Officer of the Bank and Patrick R. Gaughen, Executive Vice President, none of the Directors or nominees is or has been an employee of the Bank or any of its affiliates. In evaluating Directors and nominees, the Board believes that Directors should possess substantial business or functional expertise, integrity, an owner-oriented attitude, and a deep interest in the Bank's affairs. In the judgment of the Nominating and Personnel Committee, as well as the Board of Directors as a whole, each of the nominees possesses such attributes.

The Board of Directors recommends that the stockholders vote FOR the election of the six nominees.

**Nominees for Election at the Meeting
with Terms Expiring at the 2021 Annual Meeting
(Class III Directors)**

<u>Nominee's Name and Age</u>	<u>Positions with Bank</u>	<u>Director of Bank Since</u>	<u>Principal Occupation and Education</u>
Michael J. Desmond Age – 68	Director	2010	Vice President, Stewart Title Guarantee Co., responsible for oversight of servicing and underwriting of commercial real estate. Georgetown University, B.A.
Ronald D. Falcione Age – 68	Director	1993	Self-employed real estate investor. Georgetown University. B.A.
Robert A. Lane, Esq. Age – 51	Director	1993	Partner, law firm of Gaughen, Gaughen, Lane & Hernando. Saint Anselm College, B.A. Suffolk University Law School, J.D. (1)
Scott L. Moser Age – 46	Director	2008	Executive IT recruiter for Jade Staffing. Former President of Professional Mortgage Advisors, Inc. 2001-2010. Suffolk University, B.S. cum laude, M.B.A. cum laude
Kara Gaughen Smith Age – 34	Director	2015	Community Manager, PatientsLikeMe, a venture-backed healthcare technology firm, formerly Case Manager, WestBridge Community Services. Yale University, B.A. Boston University, M.S. (1)
Jacqueline M. Youngworth Age – 74	Director	1997	Former Chairman of Bay State Metal Products, Inc., a manufacturer of diversified metal products. Curry College, B.S. N. cum laude

DIRECTORS NOT STANDING FOR ELECTION

The tables set forth below provide certain information with respect to the Class I and Class II Directors.

The tables list the name of each Director, his or her age, period of service with the Bank, positions with the Bank, principal occupation and other directorships held. Each individual has been engaged in his or her principal occupation for at least ten years, except as otherwise indicated.

Directors Whose Terms Will Expire at the 2019 Annual Meeting (Class I Directors)

<u>Director's Name and Age</u>	<u>Positions with Bank</u>	<u>Director of Bank Since</u>	<u>Principal Occupation and Education</u>
Howard M. Berger, Esq. Age – 69	Director	1998	Attorney, Partner, Andover Law Center. Temple University, B.A. Suffolk University Law School, J.D.
Kevin W. Gaughen, Esq. Age – 63	Director	1994	Partner, law firm of Gaughen, Gaughen, Lane & Hernando. Georgetown University, B.A. Suffolk University Law School, J.D. (1)
Julio R. Hernando, Esq. Age – 47	Director	1994	Partner, law firm of Gaughen, Gaughen, Lane & Hernando. Saint Anselm College, B.A. Suffolk University Law School, J.D. (1)
Robert K. Sheridan, Esq. Age – 70	Director	2012	Retired: former President, the Savings Bank Life Insurance Company of Massachusetts. Boston College, B.A. cum laude Suffolk University Law School, J.D.
Edward L. Sparda Age – 75	Director	1993	Retired: former Lieutenant-Station Commander, Massachusetts State Police. Massasoit Community College, A.D.

**Directors Whose Terms Will Expire
at the 2020 Annual Meeting
(Class II Directors)**

<u>Director's Name and Age</u>	<u>Positions with Bank</u>	<u>Director of Bank Since</u>	<u>Principal Occupation and Education</u>
Brian T. Kenner, Esq. Age – 66	Director	2011	Retired: former Attorney, GreenPoint Global. Syracuse University, B.A. magna cum laude George Washington University, J.D., high honors.
Stacey M. Page Age – 54	Director	1992	President, Hingham Jewelers, Inc. Babson College, B.S.
Geoffrey C. Wilkinson, Sr. Age – 66	Director	1993	President, George T. Wilkinson, Inc., a commercial heating company. Massachusetts Maritime Academy, B.S. Ph.D. (honorary)
Robert H. Gaughen, Jr., Esq. Age – 69	President & Director	1991	President and Chief Executive Officer of the Bank. Georgetown University, B.A. Suffolk University Law School, J.D. cum laude (1)
Patrick R. Gaughen Age – 37	Executive Vice President & Director	2012	Executive Vice President of the Bank (2012 – Present) Former Foreign Service Officer, U.S. Department of State (2008-2012). Yale University, B.A. cum laude Georgetown University Walsh School of Foreign Service, M.A. Duke University, M.A. (1)

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- (1) Robert H. Gaughen, Jr., President and a Director of the Bank, and Kevin W. Gaughen, a Director of the Bank, are brothers. Patrick R. Gaughen, Executive Vice President and a Director of the Bank, and Director Kara Gaughen Smith are the children of Robert H. Gaughen, Jr., and nephew and niece of Kevin W. Gaughen. They are also cousins of Director Robert A. Lane and Director Julio R. Hernando. Directors Robert A. Lane and Julio R. Hernando are cousins, and they are both nephews of Robert H. Gaughen, Jr. and Kevin W. Gaughen. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are partners in the practice of law.

The Board of Directors has determined that Howard M. Berger; Michael J. Desmond; Ronald D. Falcione; Brian T. Kenner; Scott L. Moser; Stacey M. Page; Robert K. Sheridan; Edward L. Sparda; Geoffrey C. Wilkinson, Sr.; and Jacqueline M. Youngworth, who together constitute a majority of the full Board, are

independent as that term is defined by applicable NASDAQ rules.

MEETINGS OF THE BOARD OF DIRECTORS; BOARD STRUCTURE

The Board of Directors, which met twelve times in 2017, has four principal committees: the Executive Committee, the Audit Committee, the Nominating and Personnel Committee and the Community Interaction Committee. The Board meets every month to review the Bank's performance and exposure to risk. Additionally, the independent Directors conduct a quarterly meeting chaired by the Chairperson of the Nominating and Personnel Committee, the purpose of which is to allow for discussion of items which any member wishes to raise in the absence of the non-independent members.

The Executive Committee, composed of eight Director members, oversees the management policies and affairs of the Bank. This Committee met twenty-five times in 2017. The current members of the Executive Committee are: Michael J. Desmond, Ronald D. Falcione, Patrick R. Gaughen, Kevin W. Gaughen, Robert H. Gaughen, Jr., Robert A. Lane, Julio R. Hernando and Jacqueline M. Youngworth.

The Nominating and Personnel Committee, composed of three Director members, oversees matters pertaining to the nomination of Directors and officers and other personnel and compensation matters. This Committee also serves as the Bank's Compensation Committee and Stock Option Committee. A copy of the charter of the Nominating and Personnel Committee appears on the Bank's website, www.hinghamavings.com. This Committee met five times in 2017. The current members of the Nominating and Personnel Committee are: Howard M. Berger, Michael J. Desmond and Jacqueline M. Youngworth. The Board of Directors has determined that all current members of the Nominating and Personnel Committee are independent, as that term is defined by applicable NASDAQ rules. The Nominating and Personnel Committee is authorized to retain attorneys, advisers, and consultants and to compensate them for their services.

The Nominating and Personnel Committee also makes recommendations to the full Board of Directors for nominations for Directors to be elected at each Annual Meeting of Stockholders and considers stockholder proposals for such nominations. For information regarding procedures for submitting stockholder proposals, see "STOCKHOLDER PROPOSALS."

The Audit Committee, composed of six Director members, approves the Bank's annual audit, retains the Bank's external and internal auditors and presents the audit report to the Board of Directors. A copy of the charter of the Audit Committee appears on the Bank's website, www.hinghamavings.com. This Committee met four times in 2017. The Audit Committee meets quarterly with senior management, internal auditors and loan reviewers and also meets at least semi-annually with the Bank's independent auditors. The current members of the Audit Committee are: Howard M. Berger, Brian T. Kenner, Scott L. Moser, Stacey M. Page, Robert K. Sheridan and Geoffrey C. Wilkinson. The Board of Directors has determined that all members of the Audit Committee are "independent" and "independent of management," within the meaning of applicable rules of the Securities and Exchange Commission and NASDAQ, and that Mr. Sheridan, a member of this committee, is an "audit committee financial expert" as that term is defined by the Securities and Exchange Commission in light of his experience as the long-serving president and CEO of the Savings Bank Life Insurance Company of Massachusetts.

The Community Interaction Committee, composed of eight Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This Committee met four times in 2017 and the current members are: Ronald D. Falcione, Kevin W. Gaughen, Robert H. Gaughen, Jr., Julio R. Hernando, Robert K. Sheridan, Kara Gaughen Smith, Edward L. Sparda and Geoffrey C. Wilkinson, Sr.

In 2017, each of the Directors of the Bank attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by committees thereof on which any such Director served (for such period of the year as he or she served on such committee). Pursuant to Bank policy, all of the Bank's Directors are encouraged and expected to attend the Bank's Annual Meeting of Stockholders. All of the Bank's current Directors were in attendance at the Bank's 2017 Annual Meeting of Stockholders.

The Board of Directors believes that maintaining a combined Chairman of the Board and Chief Executive Officer role is the appropriate and most effective form of Board leadership structure. Such a structure provides for a focused Board effort which utilizes an involved committee structure which provides comprehensive and meaningful oversight. However, the Board recognizes the critical oversight role it plays in the Bank's corporate governance. Accordingly, the Board employs three bodies – the Executive Committee, the Audit Committee and the full Board – to provide comprehensive and meaningful oversight. The Executive Committee meets two times a month with senior Bank management, including the Chief Executive Officer, to review financial information, loan proposals, overdue loans, asset liability management, and exposure to risk. Given the composition of this Committee, the frequency of its meetings, its broad access to operational staff and risk metrics, and its broad oversight mandate, the Board believes that the Executive Committee obviates the need for a (i) lead outside director and (ii) a separation of the Chairman and Chief Executive Officer roles. Finally, the Board conducts executive sessions as deemed necessary from time to time and as otherwise required by the NASDAQ rules.

The Committee and the Board of Directors believe, in general, that Directors should have a meaningful portion of their net worth invested in the Bank.

Director Candidates and Qualifications

Stockholders of the Bank may recommend Director candidates for inclusion by the Board of Directors in the slate of nominees which the Board recommends to stockholders for election. The qualifications of recommended candidates will be reviewed by the Nominating and Personnel Committee (the "Committee"). If the Board determines to nominate a stockholder-recommended candidate and recommends his or her election as a Director by the stockholders, his or her name will be included in the Bank's proxy card for the stockholder meeting at which his or her election is recommended.

Stockholders may recommend individuals to the Committee for consideration as potential Director candidates by submitting their names and background to: Jacqueline M. Youngworth, Chairman of the Nominating and Personnel Committee, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043. The Committee will consider a recommendation only if appropriate biographical information and background material is provided on a timely basis. The process followed by the Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board. Assuming that appropriate biographical and background material is provided for candidates recommended by stockholders, the Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members or by other persons.

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended Director nominees, including candidates recommended by stockholders, the Committee will apply the criteria which are set forth in the Committee's charter and otherwise consider such candidate's qualifications and skill set. These criteria may include the candidate's integrity, business acumen, experience, diligence, conflicts of

interest and the ability to provide a diversity of views and experience on issues under consideration and to act in the interests of all stockholders. Directors at Hingham Institution for Savings must be owner-oriented. The Committee does not assign specific weights to particular criteria and does not have a formal diversity policy. No particular criterion is necessarily applicable to all prospective nominees. The Bank believes that the backgrounds and qualifications of the Directors, considered as a group, should provide a significant and diverse composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. In making such recommendations, the Committee shall consider candidates proposed by stockholders. The Committee shall review and evaluate information available to it regarding candidates proposed by stockholders and shall apply the same criteria, and shall follow substantially the same process in considering them, as it does in considering other candidates.

Stockholder Communications

The Board will give appropriate attention to written communications that are submitted by stockholders. The Chairman of the Board is primarily responsible for monitoring communications from stockholders and for providing copies or summaries of such communications to the other Directors as he considers appropriate.

Communications are forwarded to all Directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board considers to be important for the Directors to know.

Stockholders who wish to send communications on any topic to the Board or to specified Directors should address such communications in care of Robert H. Gaughen, Jr., Chairman of the Board of Directors, at Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Nominating and Personnel Committee of the Board, in addition to its other responsibilities, serves as the Bank's Compensation Committee. It annually reviews the compensation and benefits of senior management and makes recommendations about compensation to the full Board of Directors. It solicits observations and recommendations from the President/CEO with regard to the performance of other individual members of senior management and invites his participation in their discussions before they deliberate and make their decisions. As part of the Bank's commitment to strong corporate governance, given the family relationship between the President/CEO and the Executive Vice President, the Nominating and Personnel Committee also directly reviews the performance of the Executive Vice President and reviews the same with the full Board of Directors.

The Committee's compensation philosophy is to set management compensation at such levels as to attract and retain senior executives who will contribute to the long-term success and growth of the Bank. Senior management is compensated primarily through annual base salary and the long-term and short-term employee benefits described below, supplemented occasionally by bonuses and stock option grants. The single instance where the Committee has employed a limited bonus plan to reward performance is a plan for loan officers which is intended to reward the effective administration of a high-quality loan portfolio. These awards take into consideration established internal performance goals but are made at the complete discretion of the Committee and the Board of Directors in order to take into account all factors which become relevant during the course of the year and are not driven solely by volume. The Committee does not consider these awards to be "incentive" compensation as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The awards do

not generally exceed 15% of a listed individual's total compensation and any risks arising from the Bank's compensation policies and practices are not reasonably likely to have a material adverse effect on the Bank, as the loan officers have no individual lending authority. The Committee's practices in regard to the mix of components within the executives' overall compensation packages has developed for a number of reasons:

- The Committee's philosophy has been to compensate primarily by means of annual base compensation due to its belief that a larger base compensation reflects management's actual long-term value to the company. In this respect, the Committee does not believe in providing an arbitrarily low base compensation.
- The Committee believes that short-term period-to-period changes in performance metrics do not drive the intrinsic value of the Bank in a fundamental way. The Committee is also cognizant of relevant experience within the commercial banking and thrift industry which counsels against providing management with strong incentives to attain short-term performance goals. As such, the Committee limits the number of short-term bonuses which are provided to executives.
- The Committee also believes that existing levels of stock ownership by management and the Board generally establish sufficient alignment of stockholder and management interests. No stock options were granted to management in 2017.

In establishing its annual compensation recommendations for Mr. Gaughen and the other executives, the Committee considers the Bank's current and long-term pre-tax earnings, return on assets, return on equity, growth in deposits and loans, operational efficiency, increases in dividends declared and increases in stockholders' equity. The Committee additionally considers statistics regarding general compensation levels in the industry and the Committee's qualitative assessment of each executive's own performance for the year as that performance relates to maximizing long-term value for the Bank's ownership. In doing so, the Committee members exercise their collective judgment without following quantitative formulas tying compensation to particular measures of financial performance or to particular deciles or quartiles of industry-wide or peer-group compensation. In 2016, the Committee retained Arthur T. Warren and Associates, an independent compensation consultant, for the purpose of reviewing the Bank's executive compensation levels and practices with respect to the Bank's peers. The firm confirmed the reasonability of both the Bank's executive compensation levels and practices. In 2018, the Committee again retained Arthur T. Warren and Associates for the purpose of reviewing the Bank's executive compensation levels and practices. The results of this review will be provided in next year's Proxy Statement.

The Bank has employment agreements in place with certain executive officers which (i) have a two-year period (three years for Robert H. Gaughen, Jr. and Patrick R. Gaughen), (ii) prohibit the executive from leaving the Bank to compete at another bank or savings institution within a specified geographic area and (iii) provide for continuation of salary and benefits during the remaining term of the agreement if the Bank terminates the executive without cause during that time. If termination without cause occurs after a change in control, as defined, the executive would instead receive a lump sum payment equal to two times his or her five-year average compensation, less one dollar and less any special bonus paid in connection with the change in control, as defined (three times in the case of Robert H. Gaughen, Jr. and Patrick R. Gaughen). In the case of Cristian A. Melej, the payment would equal two times the maximum compensation earned during the calendar year of termination or either of the two preceding years, as defined. See "Employment Agreements and Special Termination Agreements." The Committee considers that such agreements offer reasonable incentives to retain valued executives.

The Committee also believes that post-retirement benefits promote stability in the case of key

executives. See generally, in regard to the benefits mentioned in this paragraph, “Retirement and Other Post Employment Compensation.” The Bank has in place supplemental retirement provisions for Robert H. Gaughen, Jr., reflecting his contributions to the Bank’s performance. All executives benefit from the Bank’s matching contributions to the Bank’s 401(k) plan.

The Committee considers the results of our shareholder advisory vote on the Bank’s executive compensation as part of its determination regarding the amount and mix of compensation awarded to our executive officers. At our 2016 Annual Meeting, our stockholders approved an advisory vote on executive compensation with approximately 98.5% of shares present and voting on such matter voting in favor. At our 2017 Annual Meeting, our stockholders approved an advisory vote on the Bank’s executive compensation with approximately 98.7% of shares present and voting on such matter voting in favor. The Committee believes that the support received from our stockholders at the 2016 and 2017 Annual Meetings serves to validate the Committee’s approach to compensation, and the Committee did not make any changes in 2017 in response to the votes at the 2016 and 2017 Annual Meetings.

Compensation Committee Report

We have reviewed and discussed the foregoing compensation discussion and analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the compensation discussion and analysis be included in this proxy statement and in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Submitted by: Howard M. Berger, Esq.
 Michael J. Desmond
 Jacqueline M. Youngworth
 Members, Nominating and Personnel Committee

Notwithstanding anything to the contrary set forth in any of the Bank's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that incorporate future filings, including this proxy statement, in whole or in part, the foregoing compensation committee report shall not be incorporated by reference into any such filings.

Named Executive Officers

Our executive officers and our named executive officers (as defined below) for the year ended December 31, 2017 are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Robert H. Gaughen, Jr.	69	Director, President and Chief Executive Officer
Patrick R. Gaughen	37	Director, Executive Vice President
Cristian A. Melej, CFA	40	Vice President - Chief Financial Officer
Shawn T. Sullivan	56	Vice President - Commercial Lending
Michael J. Sinclair	55	Vice President - Retail Lending

Robert H. Gaughen, Jr., the Bank's principal executive officer, has served as President and Chief Executive Officer since 1993.

Patrick R. Gaughen joined the Bank in 2012 as Vice President - Chief Strategy and Corporate Development Officer and served as Senior Vice President - Chief Strategy and Corporate Development Officer since April of 2013. In April 2014, he was promoted to Executive Vice President. Before joining the Bank, Mr. Gaughen was a Foreign Service Officer with the U.S. Department of State providing analytical and decision-support for senior U.S. policymakers regarding U.S. foreign policy in the Near East.

Cristian A. Melej, CFA, the Bank's Principal Financial and Accounting Officer, joined the Bank in 2016 as Vice President and Chief Financial Officer. Before joining the Bank, Mr. Melej was an Executive Vice President and Chief Financial Officer at C1 Financial (and its subsidiary C1 Bank) from 2013 to 2016, and previously served as Financial Officer for Restoque Comércio e Confecção de Roupas S.A., a publicly listed Brazilian clothing retailer from 2011 to 2013.

Shawn T. Sullivan joined the Bank in 1996 as an Assistant Vice President - Commercial Lending and

has served as Vice President - Commercial Lending since 1998.

Michael J. Sinclair joined the Bank in 1995 as its retail lending officer and has served as Vice President - Retail Lending since 1999.

Summary Compensation Table

The remuneration paid to or accrued during the years ended December 31, 2017, 2016 and 2015 for the Chief Executive Officer and Chief Financial Officer of the Bank and other executive officers of the Bank for services rendered (the “named executive officers”) was as follows. As permitted under applicable securities laws and regulations, certain columns for which the reported numbers would be zero have been omitted from the following table and other tables in this Proxy Statement.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	Change to Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Robert H. Gaughen, Jr. President and Chief Executive Officer	2017	1,217,115	-	-	603,666 ⁽¹⁾	28,700 ⁽²⁾	1,849,481
	2016	1,135,962	-	-	603,666 ⁽¹⁾	28,048 ⁽²⁾	1,767,676
	2015	1,063,654	-	-	603,666 ⁽¹⁾	26,585 ⁽²⁾	1,693,905
Patrick R. Gaughen Executive Vice President	2017	508,462	-	-	-	16,200 ⁽³⁾	524,662
	2016	430,000	-	251,030 ⁽⁴⁾	-	15,900 ⁽³⁾	696,930
	2015	410,962	-	-	-	15,900 ⁽³⁾	426,862
Cristian A. Melej Vice President and Chief Financial Officer ⁽⁶⁾	2017	400,200	-	-	-	16,200 ⁽³⁾	416,400
	2016	67,500	-	97,900 ⁽⁴⁾	-	16,134 ⁽⁵⁾	181,534
	2015	-	-	-	-	-	-
Robert A. Bogart Former Vice President and Treasurer ⁽⁷⁾	2017	-	-	-	-	-	-
	2016	198,689	-	-	-	11,921 ⁽³⁾	210,610
	2015	311,769	-	-	-	15,616 ⁽³⁾	327,385
Shawn T. Sullivan Vice President - Commercial Lending	2017	332,170	35,000	-	-	16,117 ⁽³⁾	383,287
	2016	316,351	34,000	-	-	15,900 ⁽³⁾	366,251
	2015	300,350	31,000	-	-	15,161 ⁽³⁾	346,511
Michael J. Sinclair Vice President - Retail Lending	2017	247,231	25,000	-	-	13,103 ⁽³⁾	285,334
	2016	238,738	25,000	-	-	12,761 ⁽³⁾	276,499
	2015	228,742	28,000	-	-	12,422 ⁽³⁾	269,164

- (1) These amounts were paid by the Bank to Mr. Gaughen in 2017, 2016 and 2015, respectively, under the terms of a supplemental employment retirement plan established on September 1, 2002 and amended on

November 5, 2003, April 27, 2006 and October 21, 2009. See “Retirement and Other Post-Employment Compensation” for additional information.

- (2) The amounts represent (a) taxable income of \$8,423, \$7,560 and \$6,598 in 2017, 2016 and 2015, respectively, for Mr. Gaughen’s pro rata portion of annual lease payments made by the Bank on a vehicle leased by the Bank, which pro rata portion is based on Mr. Gaughen’s personal use of the vehicle, (b) \$4,077, \$4,588 and \$4,087 paid by the Bank in 2017, 2016, and 2015, respectively, to Cohasset Golf Club for both business and personal use and (c) contributions of \$16,200, \$15,900 and \$15,900 paid by the Bank to Mr. Gaughen’s 401(k) plan in 2017, 2016, and 2015, respectively. See “Retirement and Other Post-Employment Compensation” for additional information regarding the item in (c) above.
- (3) These amounts represent contributions to the 401(k) plan for 2017, 2016 and 2015, respectively, and for Mr. P. Gaughen were \$16,200, \$15,900 and \$15,900; for Mr. Melej were \$16,200; for Mr. Bogart were \$11,921 and \$15,600; for Mr. Sullivan were \$16,117, \$15,900 and \$15,161; and for Mr. Sinclair were \$13,103, \$12,761 and \$12,422. See “Retirement and Other Post-Employment Compensation – 401(k) Plan” for additional information.
- (4) The amounts shown reflect the grant date fair value computed in accordance with ASC Topic (718). In 2016, Mr. P. Gaughen was granted 13,000 stock options which vest on the fifth anniversary of the date of grant. Mr. Melej was granted 5,000 stock options which vest on the third anniversary of the date of grant. Refer to the Bank’s Form 10-K for the fiscal year dated December 31, 2016, filed on March 7, 2017 with the Federal Deposit Insurance Corporation for the assumptions relating to these awards.
- (5) This amount shown represents \$16,134 associated with reimbursement of moving expenses provided to Mr. Melej in connection with his relocation.
- (6) Mr. Melej joined the Bank on October 17, 2016.
- (7) Mr. Bogart was Vice President and Treasurer until July 25, 2016.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Robert H. Gaughen, Jr., our Chief Executive Officer and President (our “CEO”):

For 2017, our last completed fiscal year:

- the median of the annual total compensation of all employees of our company (other than our CEO) was \$66,875; and
- the annual total compensation of our CEO, as reported in the Summary Compensation Table included elsewhere in this Proxy Statement, was \$1,849,481.

Based on this information, for 2017 the ratio of our Chief Executive Officer and President’s annual total compensation was 27.7 times that of the median of the annual total compensation of all employees.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our CEO, we took the following steps:

1. We determined that, as of December 31, 2017, our employee population consisted of approximately 98 individuals, all located in the United States. This population consisted of our full-time, part-time, and temporary employees.
2. To identify the “median employee” from our employee population, we compared the amount of salary, wages, and tips of our employees as reflected in our payroll records as reported to the Internal Revenue Service on Form W-2 for 2017.
3. We identified our median employee using this compensation measure, which was consistently applied to all our employees included in the calculation. Since all our employees are located in the United States, as is our CEO, we did not make any cost-of-living adjustments in identifying the “median employee.”
4. Once we identified our median employee, we combined all of the elements of such employee’s compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$66,875. The difference between such employee’s salary, wages, tips, and overtime pay and the employee’s annual total compensation represents the estimated value of the 401(k) plan matching and profit sharing contributions paid to the employee by the Bank.
5. With respect to the annual total compensation of our CEO, we used the amount reported in the “Total” column of our 2017 Summary Compensation Table included in this Proxy Statement.

GRANTS OF PLAN-BASED AWARDS

No grants were made to management in 2017.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Option Awards ⁽¹⁾					
<u>Name</u>	<u>Number of Securities Underlying Unexercised Options (#) Exercisable</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u>	<u>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date</u>
Robert H. Gaughen, Jr.	17,000	5,000	-	70.93	04-24-2024
Patrick R. Gaughen	3,000 ⁽²⁾	-	-	57.92	04-26-2022
	17,000	5,000	-	70.93	04-24-2024
	-	13,000	-	126.17	04-28-2026
Cristian A. Melej	-	5,000		138.30	10-17-2026

- (1) All options were granted with exercise prices equal to 100% of fair market value on the date of grant. None of the options is an incentive stock option. The 20,000 options granted to each Robert H. Gaughen, Jr. and Patrick R. Gaughen in 2014, vest 25% on each anniversary date beginning with April 24, 2015. Additionally, 2,000 options granted to Robert H. Gaughen, Jr. and Patrick R. Gaughen were exercisable when granted on April 24, 2014. The 13,000 options granted to Patrick R. Gaughen in 2016 vest on the fifth anniversary of the grant date. The 5,000 options granted to Cristian A. Melej in 2016 vest on the third anniversary of the grant date. The Stock Option Committee retains discretion, subject to limitations set forth in the stock option plan, to modify the terms of outstanding options but under no circumstances may the options be repriced. Full details regarding these options are contained in the 2014 Stock Option Plan. The options were granted for a term of 10 years, subject to earlier termination in certain events relating to termination of employment.
- (2) The 3,000 options were received in 2012 by Patrick R. Gaughen in his capacity as Director only, before he joined the Bank as an Officer.

OPTION EXERCISES AND STOCK VESTED

No options were exercised during 2017 by any of the named executive officers.

Retirement and Other Post-Employment Compensation

NONQUALIFIED DEFERRED COMPENSATION

The following table contains information about the executive supplemental retirement plan described below, which is included within the category of nonqualified deferred compensation under definitions contained in applicable securities regulations.

<u>Name</u>	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$) ⁽¹⁾	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$) ⁽²⁾	Aggregate Balance at Last FYE (\$)
Robert H. Gaughen, Jr.	-	603,666	-	603,666	-

-
- (1) This amount has been included in the Summary Compensation Table in the columns headed “Change to Pension Value and Nonqualified Deferred Compensation Earnings” and “Total.”
 - (2) Under this arrangement, in contrast to a deferred compensation arrangement under which the employer retains control of each year’s amount and the employee receives a tax deferral until the amount is distributed to, or controlled by, him or her, the Bank’s contributions each year are paid out to a trust established for the executive. The executive has immediate control over the full amount of the contribution, including the power to distribute it to himself or herself, and is taxed immediately on the full amount of the contribution in the year of contribution. Accordingly, the full contribution has been treated as having been distributed to the executive in the year of contribution. This type of trust is commonly called a secular trust, in contrast to a so-called rabbi trust which is controlled by the employer rather than by the executive and which involves no tax liability to the executive until the year in which the executive obtains control over the funds in the trust.

The Bank’s current retirement plans are as follows:

Executive Supplemental Retirement Agreements. In 2002, the Bank established a supplemental employment retirement plan, as amended in 2003, 2006, 2007, and 2009 for the benefit of Robert H. Gaughen, Jr. and the Bank. There are three provisions of note that are currently incorporated in Mr. Gaughen’s employment agreement:

- *Supplemental Executive Retirement Plan (“SERP”):* Under this plan, the Bank makes regular contributions to a secular trust controlled by Mr. Gaughen. Mr. Gaughen has immediate control over the full amount of the contribution, including the power to distribute it to himself, and is taxed immediately on the full amount of the contribution in the year of contribution. The Bank is entitled to an equivalent tax deduction in the year of contribution subject to limitation on deductions of compensation over \$1 million in total. The annual contributions from inception of the plan through Mr. Gaughen’s anticipated year of retirement were scheduled when the plan was established and were designed so as to produce a sum of money (assuming investment gains of 6% per year) that would produce a certain retirement income to Mr. Gaughen of \$314,033 per year (assuming retirement at age 62 in 2011). On October 21, 2009, Mr. Gaughen’s plan was amended to continue payments beyond 2011 at the 2010 rate until such time as Mr. Gaughen retires. Mr. Gaughen assumes all investment risk and actuarial risk concerning the retirement

amounts; the Bank has no obligation to guarantee the target retirement amounts. Expense related to these distributions amounted to \$603,666 for the year ended December 31, 2017.

- *Bank Owned Life Insurance:* In connection with the above SERP, the Bank purchased life insurance policies at a total cost of \$10,109,000 and contributed them to a rabbi trust. The purpose of the rabbi trust was to make distributions to the secular trust for the individual if the Bank did not make timely payment of the SERP contributions. The Bank owns the insurance policies held in the rabbi trust. In 2007, these policies were decoupled from the SERP plan and a fixed death benefit of \$4,000,000 was established payable to Mr. Gaughen's designated beneficiaries, provided that the death benefit will be reduced to \$2,183,000 upon his attaining the age of 80. This benefit was incorporated in Mr. Gaughen's employment agreement. The Bank makes annual non-cash charges against earnings in anticipation of this event. In 2017, these charges amounted to \$69,358, which amount is based on actuarial assumptions rather than on insurance premiums or contributions. The cash surrender value of all the insurance policies owned by the Bank at December 31, 2017 was \$12,221,000. The death benefit of the insurance policies owned by the Bank at December 31, 2017 was approximately \$21,954,000.
- *Post-Retirement Health Care:* In 2006, Mr. Gaughen's employment agreement was revised to provide for post-retirement health insurance coverage. It was also amended to reflect his voluntary waiver of his right to accelerate payment of all supplemental retirement benefits upon early retirement on a date of his choosing. The Bank established an unfunded post retirement health benefit plan for Mr. Gaughen at that time and began making non-cash charges against earnings. In 2017, the Bank made non-cash charges of \$38,846 in accordance with generally accepted accounting principles, although no cash premiums or contributions were paid.

401(k) Plan. Each employee having completed three months of continuous service beginning with such employee's date of employment becomes a participant in the Bank's 401(k) plan, administered by the Savings Bank Employee Retirement Association. Each eligible employee may defer up to 75% of his or her income on a tax-favored basis up to applicable Internal Revenue Service limits. The Bank's matching contribution policy is to contribute \$0.50 for each dollar contributed by the employee up to a maximum matching contribution equal to 3% of the employee's yearly compensation. The Bank's matching contribution is limited to the IRS' maximum compensation limit, which was \$270,000 in 2017. The Bank makes a contribution equal to 3% of yearly compensation for all 401(k) participants whether or not they choose to make any contributions. All participants become fully vested after two years of service or age 59½, if earlier. Bank officers participate in the plan on the same basis as all other employees.

Defined Benefit Plan. The Bank does not have a defined benefit retirement plan ("pension plan").

Employment Agreements and Special Termination Agreements

Robert H. Gaughen, Jr., the Bank's President and Chief Executive Officer, has entered into an employment agreement with the Bank dated November 20, 1995, which provides that Mr. Gaughen's salary is subject to review and adjustment no less frequently than annually, in an amount reflecting cost-of-living increases as well as any merit increases which the Board of Directors may consider appropriate. Mr. Gaughen's annual salary is currently \$1,250,000, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Gaughen's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract currently provides for a term ending in April 2020. Mr. Gaughen's employment agreement also incorporates by reference the retirement provisions detailed above (see *Executive Supplemental Retirement Agreements*). Unless either party gives written

notice to the contrary, the term of the agreement shall be extended for successive one-year periods in April of each year, provided that the then remaining term of the contract never exceeds three years.

Patrick R. Gaughen, the Bank's Executive Vice President, has entered into an employment agreement with the Bank dated April 24, 2014, which provides that Mr. P. Gaughen's salary is subject to review and adjustment no less frequently than annually, in an amount reflecting cost-of-living increases as well as any merit increases which the Board of Directors may consider appropriate. Mr. P. Gaughen's annual salary is currently \$550,000, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. P. Gaughen's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract currently provides for a term ending in April 2020. Unless either party gives written notice to the contrary, the term of the agreement shall be extended for successive one-year periods in April of each year, provided that the then remaining term of the contract never exceeds three years.

Cristian A. Melej, the Bank's Vice President - Chief Financial Officer, has entered into an employment agreement with the Bank dated October 17, 2016. Mr. Melej's annual salary is currently \$405,600, and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2020. Unless either party gives written notice to the contrary, the term of the agreement shall be extended for successive one-year periods in April of each year, provided that the then remaining term of the contract never exceeds two years.

Shawn T. Sullivan, the Bank's Vice President - Commercial Lending, has entered into an employment agreement with the Bank dated April 29, 1999. Mr. Sullivan's annual salary is currently \$337,740 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Sullivan's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2019.

Michael J. Sinclair, the Bank's Vice President - Residential Lending, has entered into an employment agreement with the Bank dated April 30, 2012. Mr. Sinclair's annual salary is currently \$250,000 and he is eligible to participate on an equitable basis in all of the Bank's bonus and fringe benefit plans, subject to applicable eligibility requirements. Furthermore, Mr. Sinclair's employment agreement provides that he may not be required to relocate outside the Bank's primary geographic area. The contract is reviewed annually to determine whether it will be extended for one-year periods and currently provides for a term ending in April 2019.

Each of the employment agreements described above has similar termination and change-in-control provisions. Should the executive resign during the term of the contract, without the approval of the Board of Directors or in some circumstances following a change in control, as described above, the executive will forfeit all rights under the agreement and the Bank is entitled, among other things, to have the executive enjoined from working for another bank or thrift institution in Plymouth, Barnstable, or Norfolk County or certain other areas of Massachusetts during the remaining term. The Bank is entitled to terminate the executive's employment at any time with or without cause. Termination without cause requires the payment of severance pay in amounts equal to the executive's salary over the remaining term of the contract, plus continuation of employee benefits during such period. Such payment is not to be reduced by any compensation which the executive may subsequently earn from other sources.

Special rules apply if there is a change in control (as defined in the agreements) of the Bank during the term of each of the employment agreements. If the executive were to be terminated by the Bank other than for cause in connection with or within one year after such a change in control, he or she would be entitled to receive a lump sum cash payment (in lieu of his or her regular severance pay) equal to a multiple of their average annual compensation with respect to the five most recent taxable years ending prior to such change in control (or such portion thereof as they were full-time employees of the Bank), less one dollar and less any special bonus paid in connection with the change in control (three times this amount, in the case of Robert H. Gaughen, Jr. and Patrick R. Gaughen, and twice this amount, in the case Mr. Sullivan and Mr. Sinclair). If such lump sum cash payments had been made on December 31, 2017, the approximate amounts payable would have been \$5,040,357 for Mr. R. Gaughen, \$1,201,934 for Mr. P. Gaughen, \$812,577 for Mr. Sullivan and \$530,110 for Mr. Sinclair. If the executive were to terminate his or her employment voluntarily for good reason, as defined below, in connection with or within one year after a change in control, he or she would be entitled to receive a similar lump sum cash payment. “Good reason” includes a reduction in compensation, a forced relocation, material increase in the executive’s duties, or a material decrease in the executive’s position.

In the case of Mr. Melej, he would be entitled to receive a lump sum cash payment (in lieu of his regular severance pay) equal to two times the sum of his highest rate of base salary and the highest annual cash bonus earned during the current calendar year of termination and either of the two calendar years immediately preceding the date of termination. If such lump sum cash payment had been made on December 31, 2017, the approximate amount payable would have been \$800,400. If the executive were to terminate his or her employment voluntarily in connection with or within one year after a change in control, he or she would be entitled to receive a similar lump sum cash payment.

Finally, all unvested stock options granted to the executives will vest in the event of a change in control of the Bank.

The executives are not entitled to receive any of the foregoing payments to the extent that such payments would be considered excess “parachute payments” under the Internal Revenue Code of 1986, as amended. Federal legislation authorizes the Federal Deposit Insurance Corporation under certain circumstances to prohibit or limit payments that are contingent on the termination of a person’s employment with an insured depository institution.

More Information about Plans and Agreements

The preceding discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements which are filed as exhibits to the Bank’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

DIRECTOR COMPENSATION

Directors of the Bank receive \$1,425 for each Board of Directors meeting they attend. No such fees were paid to members of the Board of Directors who are also full-time employees of the Bank. The clerk of the Bank receives a stipend of \$12,000 per annum plus an additional fee of \$240 per meeting attended.

Each member of a committee of the Board of Directors receives \$1,425 for each committee meeting attended. The clerk and chairman of these committees each receive an additional fee of \$240 per meeting attended. None of these fees applies to any Director who is also an employee of the Bank. In addition to the above, Executive Committee members are required by statute and/or Bank policy to perform certain revaluations of commercial real estate loan collateral and construction loan inspections. Members are paid \$300 per construction inspection. Board compensation is reviewed and approved by the Board annually. As noted elsewhere in this document, the Board believes that Directors should be owner-oriented and should have a meaningful portion of their net worth invested in the Bank.

The following table presents Director compensation for the year ended December 31, 2017.

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$) ⁽¹⁾	Total (\$)
Howard M. Berger	\$ 27,900	\$ -	\$ 27,900
Michael J. Desmond	82,740	-	82,740
Ronald D. Falcione	55,875	-	55,875
Kara Gaughen Smith	20,925	-	20,925
Kevin W. Gaughen	54,450	-	54,450
Patrick R. Gaughen	-	-	-
Robert H. Gaughen, Jr.	-	-	-
Julio R. Hernando	53,895	-	53,895
Brian T. Kenner	21,870	-	21,870
Robert A. Lane	51,600	-	51,600
Scott L. Moser	22,350	-	22,350
Stacey M. Page	21,945	-	21,945
Robert K. Sheridan	25,275	-	25,275
Edward L. Sparda	19,245	-	19,245
Geoffrey C. Wilkinson, Sr.	27,975	-	27,975
Jacqueline M. Youngworth	78,287	-	78,287

- (1) At December 31, 2017, the aggregate number of shares subject to option awards outstanding for Directors were: Howard M. Berger (1,000); Michael J. Desmond (5,000); Ronald D. Falcione (2,000); Kevin W. Gaughen (2,000); Julio R. Hernando (2,000); Brian T. Kenner (2,500); Robert A. Lane (2,000); Scott L. Moser (1,000); Stacey M. Page (1,000); Robert K. Sheridan (1,000); Kara Gaughen Smith (1,000); Edward L. Sparda (1,000); Geoffrey C. Wilkinson, Sr. (1,000); and Jacqueline M. Youngworth (2,000). For Patrick R. Gaughen and Robert H. Gaughen, Jr., see “Outstanding Equity

Awards at Fiscal Year-End.”

Section 16(a) Beneficial Ownership Reporting Compliance

The Bank is required to identify in its annual proxy statement each officer, Director and 10% stockholder who has failed to file on a timely basis reports required by Section 16(a) of the Exchange Act. Cristian A. Melej, an Officer of the Bank, purchased 22 shares of the Bank’s Common Stock on May 4, 2017 and June 1, 2017 and on June 9, 2017 filed a Form 4 with the FDIC for these transactions. Joseph Bears, an Officer of the Bank, purchased four shares of the Bank’s Common Stock on January 25, 2017 and on January 25, 2018 filed a Form 4 with the FDIC for this transaction.

Compensation Committee Interlocks and Insider Participation

The current members of the Nominating and Personnel Committee, the Bank’s Compensation Committee, are Mr. Berger, Mr. Desmond and Mrs. Youngworth. No member of the Nominating and Personnel Committee was at any time during the fiscal year ended December 31, 2017 an employee of the Bank, and none was an officer of the Bank with the exception of Mrs. Youngworth, the Director who serves as the Bank’s Clerk, nor has any member of the Nominating and Personnel Committee had any relationship with the Bank requiring disclosure under Item 404 of Regulation S-K under the Exchange Act.

None of the Bank’s executive officers has served as a Director or member of the Compensation Committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a Director of or member of the Nominating and Personnel Committee.

CERTAIN TRANSACTIONS WITH MANAGEMENT AND ASSOCIATES

Indebtedness of Management and Associates

In November 1993, the Bank adopted a policy providing that the Bank will not extend credit (excluding passbook loans) to Directors and Officers of the Bank, Principal Stockholders, their related interests, or any entities in which Directors or Officers or Principal Stockholders have a significant financial interest. This policy was informed by the experience of the Directors at that time as private investors in New England banks and thrifts, including the Bank, that suffered significant losses because of poor controls over insider lending. The Board strongly believes that insider lending, even when well-intentioned and subject to internal controls, poses an unacceptable risk to the Bank. Through this policy, the Bank seeks to eliminate this risk rather than manage it.

To the extent the Bank has extended any fully secured passbook loans to Directors, Officers, Principal Stockholders, or related interests, Bank’s management at the time of the origination of such loans represented them as having been made in the ordinary course of business and on substantially the same terms, including interest rates, as those prevailing at the time for comparable transactions with unaffiliated persons. At December 31, 2017, no such loans were outstanding.

Other Transactions

The Bank may engage in additional transactions with, or use products or services of, Directors, nominees for Director, principal officers, principal stockholders or various organizations in which such persons may have interests or of which such persons may be Directors, nominees for Director, officers, partners or principal stockholders. With respect to the year ended December 31, 2017, unless specifically disclosed herein, any amounts so involved have in no case been material in relation to the business of the Bank, and it is believed

that other than as described below, the amount involved in any such transaction or series of transactions did not exceed \$60,000 and was not otherwise material in relation to the business of any such person or other organization.

During 2017, the Bank paid legal fees to the law firm of Gaughen, Gaughen, Lane & Hernando LLP in the amount of \$2,007,435 in connection with representation of the Bank in connection with commercial and residential mortgage loan originations, foreclosure and collection actions and certain other routine litigation. Additionally, this law firm received the sum of \$852,646 in agency fees for title insurance due to them in connection with loan originations. All of the above described legal fees and title insurance fees paid to the law firm of Gaughen, Gaughen, Lane & Hernando LLP have been reimbursed to the Bank by its borrowers, with the exception of \$149,778. These unreimbursed fees are primarily associated with foreclosure and collection matters and the Bank generally collects these fees from borrowers upon resolution of a troubled loan through foreclosure, litigation, or the loan returning to performing status. The Bank believes that the foregoing sums have been reasonable in relation to the services provided to the Bank. All of these services are provided pursuant to a written master agreement between the Bank and the law firm of Gaughen, Gaughen, Lane & Hernando LLP. This agreement was reviewed and approved by the independent Directors of the Board. In accordance with the terms of this agreement, these fees are presented to the Board of Directors on a monthly basis. It is expected that the Bank will continue to have similar transactions with, and use the services of, the law firm of Gaughen, Gaughen, Lane & Hernando in the future. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are partners of Gaughen, Gaughen, Lane & Hernando LLP.

It is expected that any future transactions between the Bank and its Directors, officers, holders of 5% or more of the shares of any class of its voting stock or any affiliates thereof will be on terms no less favorable to the Bank than could be obtained by the Bank in arm's length negotiation with unaffiliated third parties. Any such transactions would be subject to review and approval by members of the Board of Directors independent with respect to said transactions.

**PRINCIPAL STOCKHOLDERS:
SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth information with respect to ownership of the Common Stock, the Bank's only voting security, by the Bank's Directors, nominees for Director and executive officers as of February 1, 2018. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding in accordance with Rule 13d-3 under the Exchange Act.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class (1)</u>
Howard M. Berger	6,625 (2)	*
Michael J. Desmond	7,877 (3)	*
Ronald D. Falcione	54,840 (4)	2.57
Kevin W. Gaughen	17,720 (5)	*
Patrick R. Gaughen	313,032 (6)	14.42
Robert H. Gaughen, Jr.	313,032 (6)	14.42
Julio R. Hernando	277,311 (7)	12.99
Brian T. Kenner	7,240 (8)	*
Robert A. Lane	224,185 (9)	10.50
Scott L. Moser	22,838 (10)	1.07
Stacey M. Page	9,804 (11)	*
Robert K. Sheridan	2,000 (12)	*
Kara Gaughen Smith	313,032 (6)	14.42
Edward L. Sparda	4,830 (13)	*
Geoffrey C. Wilkinson, Sr.	18,813 (14)	*
Jacqueline M. Youngworth	76,804 (15)	3.60
Cristian A. Melej	1,137 (16)	*
Michael J. Sinclair	294 (17)	*
Shawn T. Sullivan	2,000 (18)	*
Directors, nominees for Director and Executive Officers as a group (19 persons)	817,643 (19)	37.26 %

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- (1) An asterisk denotes less than 1%. Applicable percentages are based on 2,132,750 shares outstanding as of February 1, 2018, adjusted as required by rules of the SEC.
- (2) Includes (i) 2,500 shares of Common Stock held directly by Mr. Berger, (ii) 3,125 shares of Common Stock held in Mr. Berger's wife's Individual Retirement Account ("IRA"), and (iii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (3) Includes (i) 1,500 shares of Common Stock held directly by Mr. Desmond, (ii) 1,377 shares of Common Stock held in Mr. Desmond's IRA, and (iii) 5,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (4) Includes (i) 46,176 shares of Common Stock held directly by Mr. Falcione, (ii) 4,664 shares held by

Dorothy E. Falcione, his wife, (iii) 2,000 shares of Common Stock that Mr. Falcione owns jointly with his wife, and (iv) 2,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.

- (5) Includes (i) 564 shares of Common Stock held in Mr. Gaughen's IRA, (ii) 1,179 shares of Common Stock held directly by Mr. Gaughen, (iii) 2,869 shares of Common Stock held directly by Beverly Gaughen, Mr. Gaughen's wife, (iv) 11,108 shares of Common Stock held by the Gaughen Family Irrevocable Trust u/d/t 7/14/97, of which Mr. Gaughen is a trustee and a beneficiary of, Kevin W. Gaughen Subtrust, and (v) 2,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (6) Includes (i) 70,000 shares held in the Achill Island 2012 Irrevocable Trust, of which Robert H. Gaughen, Jr. and Patrick R. Gaughen are Co-Trustees and in which Robert H. Gaughen, Jr. disclaims any beneficial ownership and voting authority is shared subject to the Gaughen Family Bank Stock Agreement III (GFBSA III) as detailed below, (ii) 70,843 shares held in the Ballina 2012 Irrevocable Trust, of which Margaret A. Corrigan and Patrick R. Gaughen are Co-Trustees and in which Margaret A. Corrigan disclaims any beneficial ownership and for which voting authority is shared subject to GFBSA III, (iii) 23,941 shares held in Robert H. Gaughen, Jr.'s IRA for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (iv) 40,246 shares held directly by Robert H. Gaughen, Jr. for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (v) 8,457 shares held in Robert H. Gaughen, Jr.'s Savings Bank Employee Retirement Association (SBERA) account for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (vi) 1,647 shares held in Patrick R. Gaughen's SBERA account for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (vii) 1,597 shares held in Patrick R. Gaughen's IRA for which voting authority is shared subject to GFBSA III and in which Kara Gaughen Smith and Robert H. Gaughen, Jr. disclaim any beneficial interest, (viii) 1,737 shares held in Katherine L. Gaughen's IRA for which voting authority is shared subject to GFBSA III and in which Kara Gaughen Smith and Robert H. Gaughen, Jr. disclaim any beneficial interest, (ix) 31,090 shares held directly by Margaret A. Corrigan for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr., Patrick R. Gaughen, and Kara Gaughen Smith disclaim any beneficial interest, (x) 22,209 shares held by Margaret A. Corrigan in her IRA for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr., Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (xi) 1,834 shares held by Patrick R. Gaughen and Katherine L. Gaughen and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xii) 9 shares held by Patrick R. Gaughen as custodian for his minor daughter, Elizabeth Ann Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xiii) 3 shares held by Patrick R. Gaughen as custodian for his minor son, Benjamin Patrick Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xiv) 3 shares held by Patrick R. Gaughen as custodian for his minor son, John Robert Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xv) 38 shares held in Patrick R. Gaughen's Roth IRA and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xvi) 1,378 shares held by Kara Gaughen Smith directly, for which voting authority is shared subject to GFBSA III, and in which Robert H. Gaughen, Jr. and Patrick

R. Gaughen disclaim any beneficial interest, (xvii) 20,000 shares of Common Stock issuable to Patrick R. Gaughen pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subsequent to exercise subject to GFBSA III, (xviii) 17,000 shares of Common Stock issuable to Robert H. Gaughen, Jr. pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subject to GFBSA III, and (xix) 1,000 shares of Common Stock issuable to Kara Gaughen Smith pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subject to GFBSA III. The Gaughen Family Bank Stock Agreement III (GFBSA III) dated 12 January 2015, to which Robert H. Gaughen, Jr., Patrick R. Gaughen, Margaret A. Corrigan, and Kara Gaughen Smith are parties, is an agreement that, to the extent permissible by law and regulation, the parties shall jointly share all voting authority over all shares of the common stock of Hingham Institution for Savings currently or in the future held by any of the parties to the agreement, whether individually or in a fiduciary capacity. This agreement was in force as of the Record Date.

- (7) Includes (i) 1,136 shares of Common Stock held in Mr. Hernando's IRA, (ii) 23,634 shares of Common Stock which Mr. Hernando owns jointly with Jill Hernando, his wife, (iii) 243 shares of Common Stock held in the IRA of Jill Hernando, Mr. Hernando's wife, (iv) 2,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018, (v) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (vi) 17,704 shares of Common Stock held by Bay State Investment LLC, of which Mr. Hernando shares voting and dispositive power as a manager and as to which Mr. Hernando disclaims any beneficial ownership, (vii) 19,672 shares of Common Stock held by the Youngworth Family Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (viii) 393 shares of Common Stock held by the Shane Ryan Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (ix) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (x) 39,302 shares of Common Stock held by the Consentino Family Trust III, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (xi) 11,603 shares of Common Stock held by the Shane Ryan Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (xii) 11,603 shares of Common Stock held by the Thomas H. Youngworth Jr. Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (xiii) 10,603 shares of Common Stock held by the Kim L. Youngworth Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, (xiv) 11,603 shares of Common Stock in the Dawn A. Ryan Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership, and (xv) 33,529 shares of Common Stock in the Hernando Family Investment Trust, of which Mr. Hernando shares voting and dispositive power as a trustee and as to which Mr. Hernando disclaims any beneficial ownership.
- (8) Includes (i) 1,675 shares of Common Stock that Mr. Kenner owns jointly with his wife, (ii) 2,465 shares of Common Stock held in Mr. Kenner's IRA, (iii) 600 shares of Common Stock held by David Kenner as to which Mr. Kenner has trading authority, and (iv) 2,500 shares of Common Stock issuable pursuant

to stock options exercisable on or within 60 days of February 1, 2018.

- (9) Includes (i) 33,092 shares of Common Stock held directly by Mr. Lane, (ii) 2,624 shares of Common Stock held in Mr. Lane's IRA, (iii) 1,867 shares of Common Stock held in the IRA of Martha Lane, Mr. Lane's wife, (iv) 13,245 shares of Common Stock held directly by Mrs. Lane, (v) 2,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018, (vi) 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (vii) 17,704 shares of Common Stock held by Bay State Investment LLC, of which Mr. Lane shares voting and dispositive power as a manager and as to which Mr. Lane disclaims any beneficial ownership, (viii) 19,672 shares of Common Stock held by the Youngworth Family Investment Trust, of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership, (ix) 393 shares of Common Stock held by the Shane Ryan Trust, of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership, (x) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust, of which Mr. Lane shares voting and dispositive power as a trustee and as to which Mr. Lane disclaims any beneficial ownership, and (xi) 39,302 shares of Common Stock held by the Consentino Family Trust III, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership.
- (10) Includes (i) 8,226 shares of Common Stock held directly by Mr. Moser, (ii) 300 shares of Common Stock held in Mr. Moser's IRA, (iii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018, (iv) 700 shares of Common Stock held by the Alexa Margaret Adams Trust, of which Mr. Moser is a co-trustee, (v) 400 shares of Common Stock held by the Jared I. Moser Trust, of which Mr. Moser is a co-trustee (Jared I. Moser is Mr. Moser's son), (vi) 500 shares of Common Stock held by the Shana Ella Moser Trust, of which Mr. Moser is a co-trustee (Shana Ella Moser is Mr. Moser's daughter), (vii) 700 shares of Common Stock held by the Ava Ruth Adams Trust, of which Mr. Moser is a co-trustee, (viii) 1,500 shares of Common Stock held by the Charlotte Moser Trust, of which Mr. Moser is a co-trustee, (ix) 500 shares of Common Stock held by the Gavin R. Moser Trust, of which Mr. Moser is a co-trustee (Gavin R. Moser is Mr. Moser's son), (x) 600 shares of Common Stock held by the Grace Irene Moser Trust, of which Mr. Moser is a co-trustee, (xi) 276 shares of Common Stock held by the Benjamin J. Moser Trust, of which Mr. Moser is a co-trustee, (xii) 276 shares of Common Stock held by the Elyse G. Moser Trust, of which Mr. Moser is a co-trustee, and (xiii) 7,860 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust III, which holds 39,302 shares of Common Stock.
- (11) Includes (i) 2,262 shares of Common Stock held directly by Mrs. Page, (ii) 6,542 shares of Common Stock which Mrs. Page owns jointly with David B. Page, her husband, and (iii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (12) Includes (i) 1,000 shares of Common Stock held directly by Mr. Sheridan and (ii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (13) Includes (i) 3,830 shares of Common Stock which Mr. Sparda owns jointly with Chris E. Sparda, his son and (ii) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (14) Includes (i) 11,851 shares of Common Stock which Mr. Wilkinson, Sr. owns jointly with Nancy S. Wilkinson, his wife, (ii) 2,587 shares of Common Stock held by New England Combustion Products

owned by Mr. Wilkinson, (iii) 1,500 shares of Common Stock held in Mr. Wilkinson's IRA, (iv) 1,875 shares of Common Stock held directly by Nancy S. Wilkinson, his wife, and (v) 1,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.

- (15) Includes (i) 17,704 shares of Common Stock held by Bay State Investment LLC, of which Mrs. Youngworth is an owner, (ii) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust, as to which Mrs. Youngworth is a beneficiary thereof, (iii) 23,314 shares of Common Stock held by the Youngworth Security Trust U/DEC, as to which Mrs. Youngworth is a trustee and beneficiary thereof, (iv) 1,000 shares of Common Stock held by the Estate of Thomas H. Youngworth, Sr., as to which Mrs. Youngworth is executrix of, and (v) 2,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 1, 2018.
- (16) Includes (i) 990 shares of Common Stock which Mr. Melej owns jointly with Karin A. Jahnke, his wife, and (ii) 147 shares held in Mr. Melej's SBERA account.
- (17) Comprised of 294 shares of Common Stock held by Kimberley A. Sinclair, Mr. Sinclair's wife.
- (18) Comprised of 2,000 shares of Common Stock held directly by Mr. Shawn T. Sullivan.
- (19) Shared voting and dispositive power as co-trustees of 61,500 shares of Common Stock held by the Ruth M. Consentino Trust u/d/t 8/29/00 is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. Lane's and Mr. Hernando's total and are counted only once in this total.

Mr. Moser's interest as a beneficiary of 7,860 shares of the Consentino Family Trust III is part of the total shares owned by this trust. Such shares are reflected above and are counted only once in this total.

Shared voting and dispositive power as managers of 17,704 shares of Common Stock held by the Bay State Investment LLC is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mrs. Youngworth's total and are counted only once in this total.

Shared voting and dispositive power as trustees of 19,672 shares of Common Stock held by the Youngworth Family Investment Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. Lane's and Mr. Hernando's total and are counted only once in this total.

Shared voting and dispositive power as trustees of 393 shares of Common Stock held by the Shane Ryan Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mr. Lane's and Mr. Hernando's total and are counted only once in this total.

Shared voting and dispositive power as trustees of 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected in Mrs. Youngworth's total and are counted only once in this total.

Shared voting and dispositive power as co-trustees of 39,302 shares of Common Stock held by the Consentino Family Trust III is attributed to both Mr. Robert A. Lane and Mr. Julio R. Hernando in the above table. Mr. Lane and Mr. Hernando disclaim any beneficial ownership. Such shares are reflected

in Mr. Lane's and Mr. Hernando's total and are counted only once in this total.

Includes (i) 70,000 shares held in the Achill Island 2012 Irrevocable Trust, of which Robert H. Gaughen, Jr. and Patrick R. Gaughen are Co-Trustees and in which Robert H. Gaughen, Jr. disclaims any beneficial ownership and voting authority is shared subject to the Gaughen Family Bank Stock Agreement III (GFBSA III) as detailed below, (ii) 70,843 shares held in the Ballina 2012 Irrevocable Trust, of which Margaret A. Corrigan and Patrick R. Gaughen are Co-Trustees and in which Margaret A. Corrigan disclaims any beneficial ownership and for which voting authority is shared subject to GFBSA III, (iii) 23,941 shares held in Robert H. Gaughen, Jr.'s IRA for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (iv) 40,246 shares held directly by Robert H. Gaughen, Jr. for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (v) 8,457 shares held in Robert H. Gaughen, Jr.'s Savings Bank Employee Retirement Association (SBERA) account for which voting authority is shared subject to GFBSA III and in which Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (vi) 1,647 shares held in Patrick R. Gaughen's SBERA account for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (vii) 1,597 shares held in Patrick R. Gaughen's IRA for which voting authority is shared subject to GFBSA III and in which Kara Gaughen Smith and Robert H. Gaughen, Jr. disclaim any beneficial interest, (viii) 1,737 shares held in Katherine L. Gaughen's IRA for which voting authority is shared subject to GFBSA III and in which Kara Gaughen Smith and Robert H. Gaughen, Jr. disclaim any beneficial interest, (ix) 31,090 shares held directly by Margaret A. Corrigan for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr., Patrick R. Gaughen, and Kara Gaughen Smith disclaim any beneficial interest, (x) 22,209 shares held by Margaret A. Corrigan in her IRA for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr., Patrick R. Gaughen and Kara Gaughen Smith disclaim any beneficial interest, (xi) 1,834 shares held by Patrick R. Gaughen and Katherine L. Gaughen and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xii) 9 shares held by Patrick R. Gaughen as custodian for his minor daughter, Elizabeth Ann Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xiii) 3 shares held by Patrick R. Gaughen as custodian for his minor son, Benjamin Patrick Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xiv) 3 shares held by Patrick R. Gaughen as custodian for his minor son, John Robert Gaughen, and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xv) 38 shares held in Patrick R. Gaughen's Roth IRA and for which voting authority is shared subject to GFBSA III and in which Robert H. Gaughen, Jr. and Kara Gaughen Smith disclaim any beneficial interest, (xvi) 1,378 shares held by Kara Gaughen Smith directly, for which voting authority is shared subject to GFBSA III, and in which Robert H. Gaughen, Jr. and Patrick R. Gaughen disclaim any beneficial interest, (xvii) 20,000 shares of Common Stock issuable to Patrick R. Gaughen pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subsequent to exercise subject to GFBSA III, (xviii) 17,000 shares of Common Stock issuable to Robert H. Gaughen, Jr. pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subject to GFBSA III, and (xix) 1,000 shares of Common Stock issuable to Kara Gaughen Smith pursuant to stock options exercisable on or within 60 days of February 1, 2018 and for which voting authority would be shared subject to GFBSA III. The Gaughen Family Bank Stock Agreement III (GFBSA III) dated 12 January 2015, to which Robert H. Gaughen, Jr., Patrick R. Gaughen, Margaret A. Corrigan, and Kara Gaughen

Smith are parties, is an agreement that, to the extent permissible by law and regulation, the parties shall jointly share all voting authority over all shares of the common stock of Hingham Institution for Savings currently or in the future held by any of the parties to the agreement, whether individually or in a fiduciary capacity. This agreement was in force as of the Record Date. These shares are subject to the terms and provisions of the GFBSA III and are reflected in Robert H. Gaughen, Jr.'s, Patrick R. Gaughen's, and Kara Gaughen Smith's totals and are counted only once in this total.

**PRINCIPAL STOCKHOLDERS:
PERSONS OWNING MORE THAN FIVE PERCENT OF COMMON STOCK**

The following table sets forth information with respect to the ownership of the Common Stock by persons (including any “group” as that term is used in Rule 13d-3 of the Exchange Act) who are known to be the beneficial owners of more than five percent (5%) of the Common Stock of the Bank as of February 1, 2018. Information presented as to the Common Stock includes the number of shares beneficially owned by such person and the percentage of such number of shares to the total amount of Common Stock outstanding.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (1)</u>	<u>Percent of Class</u>
Patrick R. Gaughen (2) 101 Hobart Street Hingham, MA 02043 <i>and</i> Robert H. Gaughen, Jr. (2) 11 1/2 Union Park, Unit #1 Boston, MA 02118 <i>and</i> Margaret Corrigan (2) 351 Forest Avenue Cohasset, MA 02025 <i>and</i> Kara Gaughen Smith (2) 34 Buffum Rd. Hanover, MA 02339	313,032	14.42%
Julio R. Hernando (3) 9 Heather Avenue Milton, MA 02186	277,311	12.99%
Robert A. Lane (4) 155 Country Club Way Kingston, MA 02364	224,185	10.50%

- (1) Sole voting and investment power, except as noted in the footnotes to the Management Stockholder Table. See “PRINCIPAL STOCKHOLDERS: SECURITY OWNERSHIP OF MANAGEMENT.”
- (2) See footnote 6 to the previous table.
- (3) See footnote 7 to the previous table.
- (4) See footnote 9 to the previous table.

ELECTION OF CLERK

(Notice Item 2)

At the Meeting, the Clerk is to be elected to hold office until the next annual meeting and until his or her successor is duly elected and qualified. It is the responsibility of the Clerk to maintain a complete and accurate record of all votes and proceedings of the stockholders and of the Board of Directors at their respective meetings, as well as to perform such additional duties as the Board of Directors may from time to time determine.

The Board of Directors recommends that Jacqueline M. Youngworth be elected as Clerk of the Bank, to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal.

Mrs. Youngworth has served as a Director of the Bank since 1997 and as Clerk since 2015. Mrs. Youngworth has never been employed by the Bank. Biographical information about Mrs. Youngworth is set forth under “ELECTION OF DIRECTORS.”

Unless contrary instructions are given, shares represented by proxies solicited by the Board of Directors will be voted FOR the election of Jacqueline M. Youngworth as Clerk of the Bank to serve until the next annual meeting and until her successor is duly elected and qualified or until her earlier resignation, death or removal. A quorum being present, the affirmative vote of the holders of a plurality of shares is required to elect the Clerk of the Bank.

The Board of Directors recommends that the stockholders vote FOR the election of Jacqueline M. Youngworth as Clerk of the Bank.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

(Notice Item 3)

The Board of Directors is committed to excellence in governance and the development and retention of the highest quality management team. As part of that commitment, the Board of Directors is providing the Bank’s stockholders with an annual opportunity to approve an advisory vote on the compensation of our named executive officers as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the “Compensation Discussion and Analysis,” the compensation tables and the related narrative discussion contained in this proxy statement.

This proposal, commonly known as a “say-on-pay” proposal, gives the Bank’s stockholders the opportunity to endorse or not endorse the Bank’s executive pay program and policies. In accordance with Section 14A of the Exchange Act, we are asking stockholders to indicate their support for the compensation of the Bank’s named executive officers as disclosed pursuant to the Securities and Exchange Commission’s compensation disclosure rules by voting FOR the following advisory resolution:

“RESOLVED, that the compensation paid to the Bank’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and related narrative discussion contained in the 2018 proxy statement is hereby approved.”

As an advisory vote, this proposal is not binding upon the Bank. The Board of Directors and Nominating and Personnel Committee value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers. At our 2016 Annual Meeting, stockholders approved an advisory vote on executive compensation with approximately 98.5% of the shares present and voting on such matter voting in favor. At our 2017 Annual Meeting, stockholders approved an advisory vote on the Bank's executive compensation with approximately 98.7% of the shares present and voting on such matter voting in favor. The Board of Directors believes that the support received from stockholders at the 2016 and 2017 Annual Meetings serves to validate the Bank's approach to compensation, and did not make any changes in 2016 and 2017 in response to the votes.

The Board of Directors recommends that the stockholders vote FOR the approval of the compensation of the Bank's named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected the independent registered public accounting firm of Wolf & Company, P.C. ("Wolf"), to be the independent auditors of the Bank for the fiscal year ending December 31, 2018. Wolf has no direct or indirect financial interest in the Bank nor has it had any connection with the Bank in a capacity of promoter, voting trustee, Director, officer or employee. A representative of Wolf is expected to be present at the Annual Meeting to respond to appropriate questions and will have the opportunity to make a statement if such representative so desires.

Wolf has served as independent auditors of the Bank since July 23, 1993 and, prior to the year ending December 31, 1990, Wolf served as independent auditors of the Bank for more than ten years. For the two fiscal years ending December 31, 1991 and 1992, the Bank selected the firm of KPMG, independent certified public accountants, to be the Bank's independent auditors.

The consolidated financial statements of the Bank as of December 31, 2017 and 2016 and for each of the years in the three-year period ended December 31, 2017, have been audited by Wolf. All such financial statements are included in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which may be obtained at www.hinghamavings.com.

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by the Bank's independent auditor. This policy provides that the Bank will not engage its independent auditor to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee or the engagement is entered into pursuant to appropriate pre-approval procedures. To date, the Bank has not adopted any pre-approval procedures. The Audit Committee pre-approved all services and fees of Wolf set forth below.

Audit Fees

Wolf billed the Bank an aggregate of \$191,000 and \$187,000 in fees for professional services rendered in connection with the audit of the Bank's consolidated financial statements for the fiscal years ended December 31, 2017 and 2016, respectively, including reviews of the financial statements included in each of the Bank's Quarterly Reports on Form 10-Q. The fees for both 2017 and 2016 included an audit of internal controls over financial reporting.

Audit-Related Fees

Wolf billed the Bank an aggregate of \$1,850 and \$1,800 in audit-related fees for professional services rendered to the Bank for the fiscal years ended December 31, 2017 and 2016, respectively. These fees related to agreed-upon procedures in connection with the Bank's Savings Bank Employee Retirement Association (SBERA) 401(k) plan.

Tax Fees

Wolf billed the Bank an aggregate of \$27,000 and \$26,500 in fees for tax related services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2017 and 2016. These fees included the quarterly estimation of taxes due, the annual preparation of Federal and State tax returns for the Bank and its subsidiaries, and an annual tax planning meeting.

All Other Fees

Wolf did not bill the Bank for other fees for professional services for the fiscal years ended December 31, 2017 and 2016.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Bank's management is responsible for the Bank's internal controls and financial reporting process. The Bank's independent registered public accounting firm is responsible for performing an independent audit of the Bank's consolidated financial statements, issuing an opinion on the conformity of those financial statements with generally accepted accounting principles, and issuing a report on internal control over financial reporting. The Audit Committee of the Board of Directors oversees the Bank's internal controls and financial reporting process on behalf of the Board of Directors.

The Audit Committee is currently composed of six members and acts under a written charter first adopted and approved in 1993. The Board has determined that all members of the Audit Committee are independent Directors, as defined by its charter, the applicable NASDAQ rules, and Part 363 of the FDIC Rules and Regulations. The Board has designated Robert K. Sheridan as the "Audit Committee Financial Expert" as that term is defined by the Securities and Exchange Commission, in light of his experience as the long-serving president and CEO of the Savings Bank Life Insurance Company of Massachusetts.

The Audit Committee held four meetings during the fiscal year ended December 31, 2017. The Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that the Bank's consolidated financial statements were prepared in accordance with generally accepted accounting principles and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Auditing Standard No. 1301, Communication With Audit Committees, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements.

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board and has discussed with the independent registered public accounting firm the firm's independence from the Bank and its management.

The Audit Committee discussed with the Bank's independent registered public accounting firm the

overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their audit, their evaluation of the Bank's internal controls and the overall quality of the Bank's financial reporting.

Based on its discussions with management and the independent auditor, and its review of the representations and information provided by management and the independent auditors, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Bank's Annual Report on Form 10-K for the year ended December 31, 2017.

By the Audit Committee of the Board of Directors of Hingham Institution for Savings.

Howard M. Berger, Esq.
Brian T. Kenner, Esq.
Scott L. Moser
Stacey M. Page
Robert K. Sheridan
Geoffrey C. Wilkinson, Sr.

OTHER MATTERS

The Board of Directors knows of no business which will be presented for consideration at the Meeting other than that set forth in this Proxy Statement. The enclosed form of proxy confers upon each proxy holder discretionary authority to vote the shares represented by such proxy in accordance with his or her best judgment with respect to any other matter which may be properly presented for action at the Meeting.

STOCKHOLDER PROPOSALS

No person who intends to present a proposal for action at the 2019 Annual Meeting of the Stockholders of the Bank may seek to have the proposal included in the proxy statement or form of proxy for the meeting unless that person (a) is a record or beneficial owner of shares of Common Stock representing at least \$2,000 in market value or 1% of the securities entitled to be voted on the proposal at the meeting, which shares have been continuously held by such person for at least one year, continue to be owned by such person at the time the proposal is submitted and through the date on which the meeting is held, (b) notifies the Bank in writing of his or her intention to appear personally or by appropriate representative at that meeting to present his or her proposal for action, (c) submits his or her proposal so that it is received at the Bank's principal executive office on or before November 13, 2018 for inclusion in the appropriate proxy statement and form of proxy relating to such meeting, and (d) otherwise satisfies the requirements of Rule 14a-8 under the Exchange Act. The Bank's By-Laws govern the submission of nominations for director or other business proposals that a stockholder wishes to have considered at a meeting of shareholders. These advance notice provisions are in addition to, and separate from, the requirements that a stockholder must meet in order to have a proposal included in the proxy statement under SEC rules. In this regard, the Bank's By-Laws provide that any Director nominations and new business submitted by stockholders must be filed with the Clerk of the Bank at least 90 days (January 26, 2019), but not more than 120 days (December 27, 2018), prior to the first anniversary of the preceding year's annual meeting unless the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, in which event the By-Laws state different notice requirements. The By-Laws also provide that no other nominations or proposals by stockholders shall be acted upon at the meeting. Any such Rule 14a-8 proposal or nomination submitted pursuant to the advance notice provision should be mailed to: Clerk, Hingham Institution for Savings, 55 Main

Street, Hingham, MA 02043.

STOCKHOLDERS SHARING THE SAME ADDRESS

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple stockholders in the same household. We will promptly deliver a separate copy of either document to any stockholder upon request submitted in writing to us in care of Robert H. Gaughen, Jr., President, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043, or submitted over the phone by calling us at (781) 749-2200. Any stockholder who wants to receive separate copies of the annual report and proxy statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker or other nominee record holder, or contact us at the above address and phone number.

EXPENSES OF SOLICITATION

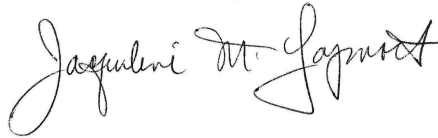
The Bank will bear the cost of preparing, assembling and mailing the Notice, Proxy Statement and form of proxy for the Meeting. Solicitation of proxies will be primarily through the use of mails, but regular employees of the Bank may solicit proxies by personal interview, by telephone or by mail without additional remuneration therefore. The Bank will also provide persons, firms, banks and corporations holding shares in their names, or in the names of their nominees, which in either case are beneficially owned by others, with proxy materials for transmittal to such beneficial owners and will reimburse such record holders for their reasonable expenses in so doing. In addition, the Bank has retained Regan & Associates, Inc. to aid in the solicitation of proxies from individuals, brokers, bank nominees and other institutional holders for the 2018 Annual Meeting, for which a base fee of \$6,500 (plus out-of-pocket expenses) will be paid.

The Board of Directors would like to have you attend the Meeting in person. However, whether or not you expect to attend the Meeting, it is very important that your shares be represented. Therefore, it would be helpful if you would sign and date the enclosed form of proxy and promptly return it.

ANNUAL DISCLOSURE STATEMENT; ANNUAL REPORT ON FORM 10-K

The Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the Federal Deposit Insurance Corporation, can be obtained at www.hinghamavings.com and constitutes the annual disclosure statement of the Bank and is also available to the public at the main office and each branch office of the Bank. In addition, a copy of the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (including exhibits), may be obtained without charge, by any stockholder of the Bank upon written request addressed to Robert H. Gaughen, Jr., President, Hingham Institution for Savings, 55 Main Street, Hingham, MA 02043, telephone (781) 749-2200. This Proxy Statement and the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available electronically at www.hinghamavings.com. The Bank intends to make the same annually provided documents available in future years on the same website.

By Order of the Board of Directors,



Jacqueline M. Youngworth
Clerk

Dated: March 13, 2018