



NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS
AND
PROXY STATEMENT

DATE
APRIL 24, 2014

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 2014 ANNUAL MEETING
OF STOCKHOLDERS**

To the Holders of Common Stock
of Hingham Institution for Savings

NOTICE IS HEREBY GIVEN that the 2014 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 24, 2014 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 five Class II Directors, each to hold office until the 2017 Annual Meeting of Stockholders of the Bank and until his or her respective successor is duly elected and qualified;
2. To elect a Clerk of the Bank, to hold office until the next Annual Meeting of Stockholders, and until his or her successor is duly elected and qualified;
3. To approve an advisory vote on executive compensation;
4. To approve the 2014 Stock Option Plan;
5. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 5, 2014, as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Meeting and any adjournments or postponements thereof.

Your attention is called to the accompanying Proxy Statement.

By Order of the Board of Directors,

Marion J. Fahey
Clerk

Hingham, Massachusetts
March 18, 2014

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 24, 2014:**

**This Proxy Statement and the Bank’s Annual Report on Form 10-K for the fiscal year
ended 2013 are available electronically at www.hinghamavings.com**

HINGHAM INSTITUTION FOR SAVINGS

55 Main Street

Hingham, Massachusetts 02043

(781) 749-2200

**PROXY STATEMENT
FOR THE
2014 ANNUAL MEETING OF STOCKHOLDERS**

Accompanying this Proxy Statement is a Notice of the 2014 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 24, 2014, 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 (the “Board”) and are first being sent to stockholders on or about March 18, 2014. The enclosed proxy is for the use of holders of the Bank’s common stock, \$1.00 par value per share (the “Common Stock”), of record at the close of business on March 5, 2014. Shares of Common Stock cannot be voted at the Meeting unless the owner of record is present to vote or is represented by proxy.

SUMMARY

The following summary is not intended to be a complete statement of all material features of the matters being voted on by the stockholders of the Bank and is qualified in its entirety by the more complete information set forth elsewhere herein.

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 24, 2014, at 4:00 p.m. local time.

Purpose of the Annual Meeting

The purpose of the Meeting is: (1) to elect five Class II 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 an advisory vote on executive compensation; (4) to approve the 2014 Stock Option Plan; and (5) 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 5, 2014 as the record date (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 or postponements thereof. At the close of business on the Record Date, there were 2,128,750 shares of the Bank's Common Stock issued and outstanding, and each such outstanding share is entitled to one vote.

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of Common Stock of the Bank is necessary to constitute a quorum for the transaction of business at the Meeting. A quorum being present, five Class II Directors and the Clerk will be elected by plurality vote of the shares present and voting, in person or by proxy. A quorum being present, the affirmative vote of the holders of a majority of the shares present and voting on such matter, in person or by proxy, is necessary to adopt the advisory vote on executive compensation. A quorum being present, the affirmative vote of the holders of a majority of the shares entitled to vote with respect thereto is necessary to approve the 2014 Stock Option Plan. As of February 3, 2014, the Directors and principal officers of the Bank owned in the aggregate approximately 39% of the issued and outstanding shares of the Bank's Common Stock which may be voted at the Meeting.

Voting Proposals

Proposal One: Election of Directors (Page 5)

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. As the term of one class expires, a successor class is elected at each Annual Meeting of Stockholders. Each class of Directors currently consists of five or six members so as to make such classes as nearly equal in number as possible, as prescribed by the Bank's Charter and By-Laws.

At the Meeting, stockholders of the Bank are being asked to elect five Class II Directors of the Bank to serve until the 2017 Annual Meeting of Stockholders. The Board of Directors of the Bank has nominated Brian T. Kenner, Stacey M. Page, Geoffrey C. Wilkinson, Sr., Robert H. Gaughen, Jr., and Patrick R. Gaughen, each of whom is currently serving as a director of the Bank. See "ELECTION OF DIRECTORS (Notice Item 1)."

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

Proposal Two: Election of Clerk (Page 33)

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 Marion J. Fahey, the nominee proposed by the Board of Directors, as Clerk of the Bank to serve until the 2015 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 of the Bank recommends that the stockholders vote FOR the election of Marion J. Fahey as Clerk of the Bank.

Proposal Three: Advisory Vote on Executive Compensation (Page 34)

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 a non-binding, advisory vote on the compensation of our named executive officers. See “ADVISORY VOTE ON EXECUTIVE COMPENSATION (Notice Item 3).”

The Board of Directors of the Bank 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.

Proposal Four: Approval of 2014 Stock Option Plan (Page 35)

The Board of Directors believes that the future success of the Bank depends, in large part, on the Bank’s ability to maintain a competitive position in attracting, retaining and motivating key employees, officers and directors with experience and ability. In January 2014, the Bank’s Board of Directors adopted, subject to stockholder approval, the 2014 Nonstatutory Stock Option Plan (the “2014 Stock Option Plan”). The 2014 Stock Option Plan would allow for the issuance of up to 100,000 shares of Common Stock (subject to adjustment in the event of stock splits, stock dividends or similar events) pursuant to non-statutory stock options. At the Meeting, the stockholders of the Bank are being asked to approve the 2014 Stock Option Plan. See “APPROVAL OF 2014 STOCK OPTION PLAN (Notice Item 4).”

The Board of Directors of the Bank recommends that the stockholders vote FOR the approval of the 2014 Stock Option Plan.

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.

VOTING PROCEDURE

If you sign, date and return the enclosed proxy in time for the Meeting, your shares will be voted (unless you otherwise instruct) on all matters that may properly come before the Meeting. The proxy contains spaces in which you may insert instructions as to how your shares are to be voted with regard to the election of Directors, the election of the Bank's Clerk, an advisory vote on executive compensation and a vote on the approval of the 2014 Stock Option Plan. If you do not specify instructions with respect to any of the proposals, your shares will be voted FOR each of these matters.

Broker non-votes occur when brokers, banks or other nominees do not receive voting instructions from their customers on how to vote the customers' shares on a proposal and the broker, bank or other nominee does not have discretionary voting authority or chooses not to exercise it with respect to a proposal. If you hold shares in street name and you do not give instructions as to how to vote your shares, your broker, bank or other nominee may have authority to vote your shares on certain routine items but not on other items. Your broker, bank or other nominee does not have discretionary voting authority to vote for Proposal One - Election of Directors, Proposal Three - Advisory Vote on Executive Compensation and Proposal Four - Stock Option Plan. However, Proposal 2 – Election of Clerk is a routine matter, so your broker, bank or other nominee has discretionary voting authority to vote on that matter.

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. 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. 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 at the Meeting prior to a vote.

At the close of business on March 5, 2014, 2,128,750 shares of Common Stock were entitled to vote on all properly presented matters. Each share of Common Stock is entitled to one vote per share. Only stockholders whose names appeared of record at the close of business on March 5, 2014 will be entitled to vote at the Meeting. The By-Laws of the Bank require that the holders of a majority in interest of all stock issued, outstanding and entitled to vote on matters at the Meeting be present in person or be represented by proxy at the Meeting in order to constitute a quorum for the transaction of business. Shares of the Bank's Common Stock represented by executed proxies will be counted for purposes of establishing a quorum at the Meeting, regardless of how or whether such shares are voted on any specific proposal. The affirmative vote of the holders of a plurality of the votes cast, in person or by proxy, is necessary to elect the Directors and the Clerk, as set forth in Proposals 1 and 2. Holders of the Common Stock do not have the right to cumulate their votes for the election of Directors or the Clerk. Broker non-votes will have no effect on the elections. The affirmative vote of the holders of a majority of the shares present and voting on such matter, in person or by proxy, is necessary to adopt an advisory vote on executive compensation. The affirmative vote of the majority of shares entitled to vote with respect thereto is necessary to adopt the 2014 Stock Option Plan. With respect to the vote

on Proposal 3, abstentions will be treated as having the same effect as votes against the proposal while broker non-votes will not be treated as shares voting on such matter and therefore will not affect the outcome of the vote. With respect to the vote on Proposal 4, since the required vote is a majority of outstanding shares, abstentions and broker non-votes will have the same effect as votes against the proposal.

ELECTION OF DIRECTORS

(Notice Item 1)

The Board of Directors of the Bank currently consists of sixteen members elected by the stockholders of the Bank. Under Massachusetts law, the Board is authorized to fill vacancies arising between meetings of stockholders, to change the number of Directors and to fill the vacancy or vacancies thereby arising. The Bank's By-Laws fix the number of Directors that comprise the Board of Directors to be not less than seven nor more than twenty-five individuals. The By-Laws also provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible with each such class of Directors being elected every third year at the Annual Meeting of Stockholders held that year. All Directors of the class elected at any particular meeting will hold office until the annual meeting three years subsequent thereto, 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 five nominees for Class II Directors and certain information received from them are set forth below. All 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 of the Bank 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. Each nominee has been engaged in his or her principal occupation for at least ten years, unless otherwise indicated. Other than Mr. Robert H. Gaughen, Jr., the President and Chief Executive Officer of the Bank, and Patrick R. Gaughen, Senior Vice President, Chief Strategy and Corporate Development Officer, none of the Directors or nominees is or has been an employee of the Bank or any of its affiliates. The Board of Directors of the Bank believes that with respect to each director and nominee named below, the business and professional experience (including prior experience on the Bank's Board of Directors), personal attributes and skills of each such person support the Board's decision that each such person should serve on the Board.

**Nominees for Election at the Meeting
with Terms Expiring at the 2017 Annual Meeting
(Class II 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>
Brian T. Kenner, Esq. Age – 62	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 – 50	Director	1992	President, Hingham Jewelers, Inc. Babson College, B.S.
Geoffrey C. Wilkinson, Sr. Age – 62	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 – 65	President & Director	1993 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 - 33	Senior Vice President – Chief Strategy and Corporate Development Officer & Director	2012	Senior Vice President – Chief Strategy and Corporate Development Officer of the Bank (since April 2012). 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)

DIRECTORS NOT STANDING FOR ELECTION

The tables set forth below provide certain information with respect to those Directors who have been previously elected as Class I and Class III 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 2015 Annual Meeting**

(Class III 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>
Michael J. Desmond Age – 64	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 – 64	Director	1993	Self-employed real estate investor. Georgetown University. B.A.
Robert A. Lane, Esq. Age - 47	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 – 42	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
Jacqueline M. Youngworth Age - 70	Director	1997	Former Chairman of Bay State Metal Products, Inc., a manufacturer of diversified metal products. Curry College, B.S.N. cum laude

**Directors Whose Terms Expire
at the 2016 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 – 65	Director	1998	Attorney, Partner, Andover Law Center Temple University, B.A. Suffolk University Law School, J.D.
Marion J. Fahey Age – 89	Director	1992	Retired: former superintendent of Boston Public Schools, former Director and Audit Committee Chair, East Weymouth Savings Bank Regis College, A.B., M.Ed. Boston College, M.Ed.
Kevin W. Gaughen, Esq. Age - 59	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 – 43	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 - 66	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 71	Director	1993	Retired: former Lieutenant – Station Commander, Massachusetts State Police Massasoit Community College, A.D.

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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, a Director, is the son of Robert H. Gaughen, Jr., and nephew of Kevin W. Gaughen. He is also a cousin 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.

With the exception of the five named individual Directors in note (1) above, the Board of Directors has determined that all other members of the Board of Directors (Howard M.

Berger; Michael J. Desmond; Marion J. Fahey; 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), constituting a majority of the full Board, are independent as that term is defined by applicable NASDAQ rules.

In addition, during the past ten years, no director, officer or nominee has been party to any federal or state order relating to: (i) any alleged violation of federal or state securities or commodities law, (ii) any law or regulation respecting financial institutions or insurance companies, or (iii) any law or regulation prohibiting mail or wire fraud. No such person has been a party to any sanction or order of any self-regulatory organization, registered entity or exchange or similar body that has disciplinary authority of its members.

MEETINGS OF THE BOARD OF DIRECTORS; BOARD STRUCTURE

The Board of Directors, which met twelve times in 2013, has five principal committees: the Executive Committee, the Audit Committee, the Nominating and Personnel Committee, the Stock Option Committee and the Community Interaction Committee.

The Executive Committee, composed of eight Director members, oversees the management policies and affairs of the Bank. This Committee met twenty-four times in 2013. The current members of the Executive Committee are Michael J. Desmond, Marion J. Fahey, Ronald D. Falcione, Patrick R. Gaughen, Kevin W. Gaughen, Robert H. Gaughen, Jr., Robert A. Lane and Jacqueline M. Youngworth.

The Nominating and Personnel Committee, composed of four 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. A copy of the charter of the Nominating and Personnel Committee appears on the Bank's website, www.hinghamavings.com. This Committee met two times in 2013. The current members of the Nominating and Personnel Committee are: Howard M. Berger, Michael J. Desmond, Marion J. Fahey 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 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 six times in 2013. The current members of the Audit Committee are Howard M. Berger, Marion J. Fahey, Brian T. Kenner, Scott L. Moser, Stacey

M. Page and Robert K. Sheridan. 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 Stock Option Committee, composed of four Director members, meets as appropriate to review and administer the Bank’s Stock Option Plans pursuant to their terms. This Committee didn’t meet in 2013. The current members of the Stock Option Committee are Howard M. Berger, Stacey M. Page, Geoffrey C. Wilkinson, Sr. and Jacqueline M. Youngworth.

The Community Interaction Committee, composed of seven Director members, formulates and reviews Bank policies and practices relating to community reinvestment efforts. This Committee met four times in 2013 and the current members are Ronald D. Falcione, Kevin W. Gaughen, Robert H. Gaughen, Jr., Julio R. Hernando, Robert K. Sheridan, Edward L. Sparda and Geoffrey C. Wilkinson, Sr.

In 2013, 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 2013 Annual Meeting of Stockholders.

The Board of Directors of the Bank 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, and exposure to risk. Given the composition of this Committee, the frequency of its meetings, broad access to detailed operational 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.

In addition, 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 full Board meets each month to review the Bank’s performance and exposure to risk.

The Nominating and Personnel Committee and the Community Interaction Committee

meet regularly with regard to matters within their purview.

Additionally, on a quarterly basis, the independent Directors conduct a 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.

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. 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 Nominating and Personnel 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 Nominating and Personnel 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. 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, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters and subject to any required assistance or advice from general counsel, 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 to the Directors to know. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which the Bank tends to receive repetitive or duplicative communications.

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.

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 goals but are made in the complete discretion of the Committee in order to take into account all factors which become relevant during the course of the year. 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 10% of a listed individual's total compensation. 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 base compensation should not be an arbitrarily low number but should reflect management's actual long-term value to the organization.
- The Committee also believes that the Bank is at an established, stable stage of development where 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 counsel against providing management with too-strong incentives to attain short-term performance goals.
- The Committee also believes that existing levels of stock ownership by management and the board generally establish sufficient alignment of stockholder and management interests. Accordingly, no stock options have been awarded to management during calendar years 2000 through 2013 with the exception of the stock options awarded to Mr. Sullivan on January 24, 2007. Three thousand options were awarded to Mr. Patrick Gaughen in 2012 in his capacity as a director of the Bank. No Stock Option Plan has been presented for approval since 1996, and all options available under prior plans have been awarded.

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, increase in dividends declared and increase 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 investors. 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. The summary compensation table that appears below indicates that annual raises for the past two years have centered around 9.7% for senior executives, with individual raises ranging from 6.0% to 19.0%.

For the past decade, in order to promote stability in management, the Bank has had employment agreements in place with certain executive officers which (i) have a two-year period (three years in Mr. Robert Gaughen's case), (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, as defined (three times in the case of Mr. Gaughen). See “Employment Agreements and Special Termination Agreements.” The committee considers that such agreements offer reasonable incentives to retain valued executives, recognizing that executives, especially highly ranked executives, often face challenges in obtaining new employment following termination.

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.” All executives benefit from the Bank’s mandatory and matching contributions to the Bank’s 401(k) plan, which were increased at the time the Bank terminated an earlier defined benefit plan in 2002. In 2002 the committee recommended, and the board approved a supplemental retirement plan for the President/CEO. This plan is intended to provide this executive with retirement provisions of a quality comparable to those generally available for such positions in the industry. During 2006 this plan was amended to revise the life insurance death benefit payable to Mr. Gaughen from three times this executive’s salary to a fixed sum equal to the lesser of \$4 million or the net-at-risk insurance benefit less current cash value in the policies. During 2007, this benefit was embodied in this executive’s employment contract and the split-dollar life insurance contract that was previously in place was terminated. Additionally, this provision was extended to cover Mr. Gaughen on a post-retirement basis and de-coupled from the net at risk insurance benefit amounts, so that the death benefit became a fixed sum of \$4 million, provided that Mr. Gaughen’s death benefit will be reduced to \$2.2 million upon his attaining the age of 80. The current health insurance benefit was also extended to provide for post-retirement coverage. Mr. Gaughen’s agreement 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 Committee considered these changes to be appropriate in light of the executive’s contributions to the Bank’s continued success.

At our 2013 Annual Meeting, our stockholders approved our say-on-pay vote, with approximately 99% of the shares present and voting on such matter voting in favor. The Committee believes that the support received from our stockholders at the 2013 Annual Meeting serves to validate the Committee’s approach to compensation, and the Committee did not make any changes in 2013 in response to the vote at the 2013 Annual Meeting.

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, 2013.

Submitted by: Howard M. Berger, Esq.
 Michael J. Desmond
 Marion J. Fahey
 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, 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 named executive officers (as defined below) for the year ended December 31, 2013 are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Robert H. Gaughen, Jr.....	65	Director, President and Chief Executive Officer
Patrick R. Gaughen	33	Director, Senior Vice President, Chief Strategy and Corporate Development Officer
Robert A. Bogart, CPA.....	48	Vice President and Treasurer
William M. Donovan, Jr.....	65	Vice President-Administration
Shawn T. Sullivan	52	Vice President-Commercial 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 on June 29, 2012 as Vice President, Chief Strategy and Corporate Development Officer and has served as Senior Vice President, Chief Strategy and Corporate Development Officer since April of 2013.

Robert A. Bogart, CPA, the Bank’s Chief Financial Officer, joined the Bank on March 23, 2009, having been Senior Vice President and Chief Financial Officer of First Citizens Federal Credit Union from March 2005 through that date.

William M. Donovan, Jr. joined the Bank in 1990 as its Accounting Officer and has served as Vice President-Administration since 1993.

Shawn T. Sullivan joined the Bank in 1996 as its Assistant Vice President-Commercial Lending and has served as Vice President-Commercial Lending since 1998.

Summary Compensation Table

The remuneration paid to or accrued during the years ended December 31, 2013, 2012 and 2011 for the Chief Executive Officer and Chief Financial Officer of the Bank and three other executive officers of the Bank for services rendered during 2013 (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 (\$)	Change to Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Robert H. Gaughen, Jr. President and Chief Executive Officer	2013	875,466	-	603,666 ⁽¹⁾	20,682 ⁽²⁾	1,499,814
	2012	816,539	-	603,666 ⁽¹⁾	20,438 ⁽²⁾	1,440,643
	2011	747,308	-	603,666 ⁽¹⁾	30,499 ⁽²⁾	1,381,473
Robert A. Bogart Vice President and Treasurer	2013	249,108	-	-	14,946 ⁽³⁾	264,054
	2012	221,779	-	-	13,306 ⁽³⁾	235,085
	2011	197,594	-	-	11,856 ⁽³⁾	209,450
Patrick R. (4) Gaughen Senior Vice President and Corporate Strategy Officer	2013	243,385	-	-	11,704 ⁽³⁾	255,089
	2012	107,500	-	-	3,473 ⁽³⁾	110,973
William M. Donovan, Jr. Vice President-Administration	2013	226,692	-	-	13,601 ⁽³⁾	240,293
	2012	213,269	-	-	12,796 ⁽³⁾	226,065
	2011	199,316	-	-	11,959 ⁽³⁾	211,275
Shawn T. Sullivan Vice President-Commercial Lending	2013	265,054	25,000	-	14,782 ⁽³⁾	304,836
	2012	248,536	22,000	-	12,278 ⁽³⁾	282,814
	2011	232,276	20,000	-	11,748 ⁽³⁾	264,024

(1) These amounts represent \$603,666, \$603,666 and \$603,666, paid by the Bank to Mr. Gaughen in 2013, 2012 and 2011 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 \$2,204, \$2,246, and \$5,898 in 2013, 2012 and 2011, 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) \$3,178, \$3,192, and \$2,742 paid by the Bank in 2013, 2012, and 2011, respectively to Cohasset Golf Club for both business and personal use, (c) contributions of \$15,300, \$15,000 and \$14,700 paid by the Bank to its 401(k) plan in 2013, 2012, and 2011 respectively and (d) \$7,159 paid by the Bank in 2011 for long-term care insurance. No payments were made during 2012 and 2013 for long-term care insurance. See "Retirement and Other Post-Employment Compensation" for additional information regarding the items in (c) and (d) above.

- (3) These amounts represent contributions to the 401(k) plan for 2013, 2012 and 2011 respectively and for Mr. Bogart were \$14,946, \$13,306 and \$11,856; for Patrick Gaughen were \$11,704 and \$3,473; for Mr. Donovan were \$13,601, \$12,796 and \$11,959; and for Mr. Sullivan were \$14,782, \$12,278 and \$11,748. See "Retirement and Other Post-Employment Compensation – 401(k) Plan" for additional information.
- (4) Mr. Patrick Gaughen joined the Bank June 29, 2012.

GRANTS OF PLAN-BASED AWARDS

No grants were made in 2013.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Option Awards ⁽¹⁾					
<u>Name</u>	Number of Securities Underlying Unexercised Options (#) <u>Exercisable</u>	Number of Securities Underlying Unexercised Options (#) <u>Unexercisable</u>	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Shawn T. Sullivan	2,000	-	-	35.25	1-24-17

-
- (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. All of Mr. Sullivan's options were exercisable when granted on January 24, 2007. The Stock Option Committee retains discretion, subject to limitations set forth in the stock option plan, to modify the terms of outstanding options. The options were granted for a term

of 10 years, subject to earlier termination in certain events relating to termination of employment.

OPTION EXERCISES AND STOCK VESTED

No options were exercised during 2013 by any of the named executive officers. The Bank has not granted any stock awards.

Retirement and Other Post-Employment Compensation

NONQUALIFIED DEFERRED COMPENSATION

The following table contains information about the executive supplemental retirement plan described below, which are 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 have evolved as follows:

Former Pension Plan. The Bank formerly provided a retirement plan through the Savings Banks Employees Retirement Association (“SBERA”) as did many other community banks and thrift institutions in Massachusetts. The Bank terminated this former plan during 2002. Each participating employee received all funds that had vested to his or her account under the terms of the former plan. In addition, the Bank used 70% of the former plan’s surplus assets to increase the benefits of the employees covered under the former plan, thereby increasing the amount distributed to the employees under the former plan. The Bank also increased certain benefits under its existing 401(k) plan, as described below.

Executive Supplemental Retirement Agreements. During 2002 the Bank established a supplemental employment retirement plan, as amended on November 5, 2003, April 27, 2006 and October 21, 2009 for the benefit of Mr. Robert H. Gaughen, Jr. Under this plan the Bank makes regular contributions to a secular trust controlled by this executive. The executive 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 the executive’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. The executive 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, 2013.

In connection with this plan, the Bank purchased life insurance policies at costs of \$7,309,000 in 2002 and an additional \$2,800,000 in 2003 and contributed them to a rabbi trust. The purpose of the rabbi trust is to make distributions to the secular trust for the individual if the Bank does not make timely payment of those contributions. The Bank owns the insurance policies held in the rabbi trust.

In addition, the Bank entered into an investment method split dollar plan agreement with Mr. Gaughen. Under this agreement, upon the executive’s death, the executive’s designated beneficiaries were originally entitled to receive an amount equal to (i) \$4,000,000 or (ii) 100% of the total proceeds of the insurance policy, less the cash value of the policy, whichever amount is lower, and any remainder of the death benefit would be paid to the Bank.

During 2007, the split-dollar plan agreement was terminated and the executive’s employment agreement was amended to provide that upon the executive’s death, the executive’s designated beneficiaries will be entitled to receive \$4,000,000, provided that Mr. Gaughen’s death benefit will be reduced to \$2,183,000 upon his attaining the age of 80. The Bank made charges to earnings during 2013 of \$69,036 for Mr. Gaughen which amount is based on actuarial assumptions rather than on insurance premiums or contributions.

In 2003, the Bank discontinued providing Mr. Gaughen with an additional supplemental pension benefit under the terms of a split dollar life insurance policy and related agreement with Mr. Gaughen dated April 24, 1997. As part of the termination, Mr. Gaughen transferred ownership of the insurance policy to the Bank. This supplemental policy was designed to provide Mr. Gaughen with an additional pension benefit of \$79,921 per year at age 65, based upon Mr. Gaughen's average salary for the three years immediately preceding retirement (assuming annual salary increases of 6%). Until the policy's termination, the Bank accrued premium expense of \$3,147 related to this policy. The discontinuance of the split dollar life insurance policy and related agreement had the effect of reducing the total supplemental pension benefit provided to Mr. Gaughen. In order to restore the total supplemental pension benefit for Mr. Gaughen to its previous level, the Bank purchased an additional life insurance policy on Mr. Gaughen's life in November 2003 at a cost of \$2,800,000 and, effective in 2004, increased the contribution to the secular trust for Mr. Gaughen by approximately \$200,000 per year. These increased contributions to the secular trust are reported as part of total contributions set forth in the tables which appear in this proxy statement. The cash surrender value of all the insurance policies owned by the Bank at December 31, 2013 was \$15,375,000.

During 2006, the Bank established an unfunded post-retirement health benefit plan for Mr. Gaughen. The Bank made charges against earnings during 2013 of \$42,297 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. Each eligible employee may defer up to 75% of his or her income on a tax-favored basis pursuant to Internal Revenue Service guidelines. Effective May 1, 2002, 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 of \$255,000. Effective January 1, 2002, the Bank began making 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.

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 \$893,450, 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 2016. 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.

Robert A. Bogart, the Bank's Vice President and Treasurer, has entered into an employment agreement with the Bank dated April 28, 2011. Mr. Bogart's annual salary is currently \$257,600, 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. Furthermore, Mr. Bogart'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 2015.

Patrick R. Gaughen, the Bank's Senior Vice President – Chief Strategy and Corporate Development Officer has not entered into an employment agreement with the Bank. Mr. Patrick Gaughen's annual salary is currently \$256,000, 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.

William M. Donovan, Jr., the Bank's Vice President – Administration, has entered into an employment agreement with the Bank, dated April 25, 1996. Mr. Donovan's annual salary is currently \$230,710 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. Donovan'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 2015.

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 \$270,127 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 2015.

Each of the employment agreements described above has similar termination and change-in-control provisions. In each of the agreements, the executive is prohibited from resigning as an employee during the term of the contract except with the Board's consent or in some circumstances following a change in control, as described below. Following any breach of this provision by the executive, 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 Counties or certain other areas of Massachusetts during the remaining term. The Bank is entitled to terminate the executive 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 Mr. Gaughen, and twice this amount, in the case of Mr. Bogart, Mr. Donovan and Mr. Sullivan). If such lump sum cash payments had been made on December 31, 2013, the approximate amounts payable would have been \$4,094,152 for Mr. Gaughen, \$409,064 for Mr. Bogart, \$431,830 for Mr. Donovan and \$530,933 for Mr. Sullivan. 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. The executive is 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 (the "Code"). 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, 2013.

DIRECTOR COMPENSATION

Directors of the Bank receive \$1,125 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 \$10,000 per annum plus an additional fee of \$185 per meeting attended.

Each member of a committee of the Board of Directors receives \$1,125 for each committee meeting attended. The clerk and chairman of these committees each receive an additional fee of \$185 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 \$125 per revaluation and between \$165 to \$215 per construction inspection.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)</u>	<u>Option Awards (\$)</u> ⁽¹⁾	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Howard M. Berger	19,895	-	-	-	19,895
Michael J. Desmond	45,635	-	-	-	45,635
Marion J. Fahey	54,346	-	-	-	54,346
Ronald D. Falcione	42,845	-	-	-	42,845
Kevin W. Gaughen	40,670	-	-	-	40,670
Patrick R. Gaughen	-	-	-	-	-
Robert H. Gaughen, Jr.	-	-	-	-	-
Julio R. Hernando	17,140	-	-	-	17,140
Brian T. Kenner	20,215	-	-	-	20,215
Robert A. Lane	39,125	-	-	-	39,125
Scott L. Moser	17,425	-	-	-	17,425
Stacey M. Page	20,565	-	-	-	20,565
Robert K. Sheridan	22,460	-	-	-	22,460
Edward L. Sparda	17,140	-	-	-	17,140
Donald M. Tardiff, M.D ⁽²⁾	7,920	-	-	-	7,920
Geoffrey C. Wilkinson, Sr.	16,595	-	-	-	16,595
Jacqueline M. Youngworth	54,635	-	-	-	54,635

(1) As of December 31, 2013, the aggregate number of shares subject to option awards outstanding for Directors were: Michael J. Desmond (3,000); Patrick R. Gaughen (3,000); and Brian T. Kenner (1,500).

(2) Donald M. Tardiff, M.D., retired from the Board of Directors on March 27, 2013.

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 Securities Exchange Act of 1934. Jacqueline M. Youngworth, a Director of the Bank, sold 600 shares of the Bank's Common Stock on July 24, 2013, and on July 31, 2013 filed the required Form-4 with the FDIC, which was due on July 26, 2013.

Robert H. Gaughen, Jr., President and CEO of the Bank transferred funds on September 4, 2013 held in his SBERA 401K account from other investments into a fund consisting entirely of the Bank's Common Stock. This transfer represented 6,375 shares of the Bank's Common Stock. On October 1, 2013 Mr. Gaughen, Jr. filed the required Form-4 with the FDIC, which was due on September 6, 2013.

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, Miss Fahey and Mrs. Youngworth. Donald M. Tardiff, M.D., served on the Nominating and Personnel Committee during 2013. No member of the Nominating and Personnel Committee was at any time during the fiscal year ended December 31, 2013 an employee of the Bank, and none was an officer of the Bank with the exception of Miss Fahey, 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 Securities Exchange Act of 1934.

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, officers and other employees of the Bank. Any fully secured passbook loans were represented by the Bank's management at the time of the origination of such loans 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.

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, 2013, 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 2013, the Bank paid legal fees to the law firm of Gaughen, Gaughen, Lane &

Hernando in the amount of approximately \$2,024,964 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 \$950,781 in agency fees for title insurance due them in connection with loan originations. 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. 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. All legal fees and title insurance fees paid to the law firm of Gaughen, Gaughen, Lane & Hernando have been reimbursed to the Bank by its borrowers, with the exception of \$276,126. Directors Kevin W. Gaughen, Robert A. Lane and Julio R. Hernando are partners of Gaughen, Gaughen, Lane & Hernando.

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.

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 3, 2014. 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 Securities Exchange Act of 1934, as amended (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	5,625 (2)	*
Michael J. Desmond	5,877 (3)	*
Marion J. Fahey	16,000 (4)	*
Ronald D. Falcione	54,989 (5)	2.57
Kevin W. Gaughen	26,570 (6)	1.24
Patrick R. Gaughen	263,519 (7)	12.32
Robert H. Gaughen, Jr.	266,894 (8)	12.48
Julio R. Hernando	256,032 (9)	11.97
Brian J. Kenner	4,215 (10)	*
Robert A. Lane	276,712 (11)	12.94
Scott L. Moser	35,782 (12)	1.67
Stacey M. Page	8,804 (13)	*
Robert K. Sheridan	625 (14)	*
Edward L. Sparda	3,830 (15)	*
Geoffrey C. Wilkinson, Sr.	17,883 (16)	*
Jacqueline M. Youngworth	145,418 (17)	6.80
Robert A. Bogart	0	*
Thomas I. Chew	0	*
William M. Donovan, Jr.	11,550 (18)	*
Michael J. Sinclair	294 (19)	*
Peter R. Smollett	3,000 (20)	*
Shawn T. Sullivan	2,000 (21)	*
Directors, nominees for Director and Executive Officers as a group (22 persons)	840,789 (22)	39.32%

(1) An asterisk denotes less than 1%.

(2) Includes (i) 2,500 shares of Common Stock held directly by Mr. Berger, and (ii) 3,125 shares of Common Stock held in Mr. Berger's wife's IRA account.

(3) Includes (i) 1,500 shares of Common Stock held directly by Mr. Desmond, (ii) 1,377 shares of Common Stock held by Mr. Desmond's IRA account and (iii) 3,000 shares of

Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 3, 2014.

- (4) Includes (i) 750 shares of Common Stock held jointly with Jessica M. Keefe, Miss Fahey's grandniece, (ii) 750 shares held jointly with Janet M. Keefe, Miss Fahey's grandniece, (iii) 5,600 shares held jointly with James D. Keefe and Mary Ellen Keefe Graziano, Miss Fahey's nephew and niece, and (iv) 8,900 shares held in Miss Fahey's IRA account.
- (5) Includes (i) 48,325 shares of Common Stock held directly by Mr. Falcione, (ii) 4,664 shares held by Dorothy E. Falcione, his wife, and (iii) 2,000 shares of Common Stock that Mr. Falcione owns jointly with his wife.
- (6) Includes (i) 564 shares of Common Stock held in Mr. Gaughen's IRA account, (ii) 150 shares of Common Stock held of record by Mr. Gaughen as custodian for Kevin W. Gaughen, Jr., his son, (iii) 4,179 shares of Common Stock held directly by Mr. Gaughen, (iv) 2,869 shares of Common Stock held directly by Beverly Gaughen, Mr. Gaughen's wife and (v) 18,808 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 beneficiary of, Kevin W. Gaughen Subtrust.
- (7) Includes (i) 1,693 shares of Common Stock which Mr. Gaughen owns jointly with Katherine Gaughen, his wife, (ii) 1,517 shares of Common Stock held in Mr. Gaughen's IRA account, (iii) 1,666 shares of Common Stock held in the IRA account of Mr. Gaughen's wife, (iv) 52,352 shares of Common Stock beneficially owned by Margaret A. Corrigan which Mr. Gaughen holds voting power for pursuant to Margaret Corrigan's Durable Power of Attorney, (v) 70,843 shares of Common Stock held in the Ballina 2012 Irrevocable Trust for which Mr. Gaughen holds voting power as a Co-Trustee with Margaret A. Corrigan, (vi) 70,000 shares of Common Stock held in the Achill Island 2012 Irrevocable Trust for which Mr. Gaughen holds voting power as a Co-Trustee with Robert H. Gaughen Jr., (vii) 3,000 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 3, 2014, and (viii) 62,404 shares beneficially owned by Robert Gaughen Jr. which, pursuant to the Gaughen Family Bank Stock Agreement II (GFBSA II) dated 20 December 2012, Mr. Gaughen and Robert H. Gaughen Jr. have agreed to vote jointly. The individual holders under GFBSA II retain the sole right to dispose of shares individually retained. Mr. Gaughen disclaims any beneficial ownership of shares voted under the Durable Power of Attorney for Margaret A. Corrigan, those shares for which he exercises voting authority in a fiduciary capacity, or those shares in which Robert H. Gaughen Jr. holds a beneficial interest but are subject to GFBSA II, and (ix) 38 shares of Common Stock held in Mr. Gaughen's Roth IRA, (x) 3 shares of Common Stock held as custodian, UTMA for Benjamin P. Gaughen, (xi) 3 shares of Common Stock held as custodian, UTMA for John R. Gaughen.
- (8) Includes (i) 39,343 shares of Common Stock held directly, (ii) 23,061 shares of Common Stock held in Mr. Gaughen's IRA account, (iii) 52,352 shares held by Margaret A. Corrigan and subject to the terms and provisions of the Gaughen Family Bank Stock

Agreement I (GFBSA I) dated 7 March 2011, (iv) 70,000 shares held by the Achill Island 2012 Irrevocable Trust for which Mr. Gaughen holds voting power as a Co-Trustee with Patrick R. Gaughen, (v) 75,763 shares held directly by Patrick R. Gaughen or in a fiduciary capacity which Mr. Gaughen and Patrick R. Gaughen have agreed to vote jointly pursuant to the terms of the Gaughen Family Bank Stock Agreement II (GFBSA II) dated 20 December 2012. The individual beneficial owners of shares covered by GFBSA II retain the sole right to dispose of shares or direct the disposal of the same. Mr. Gaughen disclaims any beneficial ownership of shares held by others voted pursuant to GFBSA I or GFBSA II and (vi) 6,375 shares of Common Stock held in SBERA 401K Plan, Mr. Gaughen, Jr. is beneficiary.

- (9) Includes (i) 1,103 shares of Common Stock held by Mr. Hernando's IRA account, (ii) 22,429 shares of Common Stock which Mr. Hernando owns jointly with Jill Hernando, his wife, (iii) 233 shares of Common Stock held by the IRA account of Jill Hernando, Mr. Hernando's wife, (iv) 20,591 shares of Common Stock held by the Consentino Family 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, (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) 32,819 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (vii) 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07, of which Mr. Hernando shares voting and dispositive power as a co-trustee and as to which Mr. Hernando disclaims any beneficial ownership, (viii) 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, (ix) 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, (x) 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, (xi) 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, and (xii) 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.
- (10) Includes (i) 1,375 shares of Common Stock that Mr. Kenner owns jointly with his wife, (ii) 815 shares of Common Stock held by Mr. Kenner's IRA account, (iii) 525 shares of Common Stock held by David Kenner as to which Mr. Kenner has trading authority, and (iv) 1,500 shares of Common Stock issuable pursuant to stock options exercisable on or within 60 days of February 3, 2014.

- (11) Includes (i) 27,310 shares of Common Stock held directly by Mr. Lane, (ii) 2,382 shares of Common Stock held by Mr. Lane's IRA account, (iii) 1,636 shares of Common Stock held by the IRA account of Martha Lane, Mr. Lane's wife, (iv) 13,117 shares of Common Stock held directly by Mrs. Lane, (v) 20,591 shares of Common Stock held by the Consentino Family 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, (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) 32,819 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (viii) 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07, of which Mr. Lane shares voting and dispositive power as a co-trustee and as to which Mr. Lane disclaims any beneficial ownership, (ix) 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, (x) 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, (xi) 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, (xii) 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 (xiii) 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.
- (12) Includes (i) 1,150 shares of Common Stock held directly by Mr. Moser, (ii) 4,118 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust u/d/t 8/29/00 which holds 20,591 shares of Common Stock, (iii) 1,500 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust II u/d/t 10/24/07 which holds 7,500 shares of Common Stock, (iv) 1,500 shares of Common Stock held by the Alexa Margaret Adams Trust of which Mr. Moser is a co-trustee, (v) 1,500 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) 1,500 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) 1,500 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) 1,500 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) 1,500 shares of Common Stock held by the Grace Irene Moser Trust of which Mr. Moser is a co-trustee, (xi) 8,076 shares of Common Stock which represents Mr. Moser's interest as a contingent beneficiary of the James V. Consentino Trust u/d/t 2/20/01 which holds 40,379 shares of Common Stock, (xii) 476 shares of Common Stock held by the Cashel

- Deluca Trust of which Mr. Moser is a co-trustee, (xiii) 476 shares of Common Stock held by the Benjamin J. Moser Trust of which Mr. Moser is a co-trustee, (xiv) 476 shares of Common Stock held by the Elyse G. Moser Trust of which Mr. Moser is a co-trustee, (xv) 300 shares of Common Stock held by Mr. Moser's IRA account, (xvi) 7,860 shares of Common Stock which represents Mr. Moser's interest as a beneficiary of the Consentino Family Trust III and (xvii) 850 shares of Common Stock that Mr. Moser owns jointly with his wife.
- (13) Includes (i) 2,262 shares of Common Stock held directly by Mrs. Page, and (ii) 6,542 shares of Common Stock which Mrs. Page owns jointly with David B. Page, her husband.
 - (14) Comprised of 625 shares of Common Stock held directly by Mr. Sheridan.
 - (15) Comprised of 3,830 shares of Common Stock which Mr. Sparda owns jointly with Chris E. Sparda, his son.
 - (16) Includes (i) 14,508 shares of Common Stock which Mr. Wilkinson, Sr. owns jointly with Nancy S. Wilkinson, his wife, (ii) 1,500 shares of Common Stock held by Mr. Wilkinson's IRA account and (iii) 1,875 shares of Common Stock held directly by Nancy S. Wilkinson, his wife.
 - (17) Includes (i) 17,704 shares of Common Stock held by Bay State Investment LLC, as to which Mrs. Youngworth is a beneficiary thereof, (ii) 32,786 shares of Common Stock held by the Jacqueline M. Youngworth G.P.O. Revocable Trust which Mrs. Youngworth is a beneficiary thereof, (iii) 13,263 shares of Common Stock held by the Youngworth Security QTIP Trust which Mrs. Youngworth is a trustee and beneficiary thereof, (iv) 80,665 shares of Common Stock held by the Youngworth Security Trust Reverse QTIP Trust which Mrs. Youngworth is a trustee and beneficiary thereof, and (v) 1,000 shares of Common Stock held by the Estate of Thomas H. Youngworth, Sr. which Mrs. Youngworth is executrix of.
 - (18) Includes (i) 3,600 shares of Common Stock held directly by Mr. Donovan, (ii) 6,650 shares of Common Stock held by Mr. Donovan's IRA account and (iii) 1,300 shares of Common Stock held in the IRA account of Mr. Donovan's wife.
 - (19) Comprised of 294 shares of Common Stock held by Kimberley A. Sinclair, Mr. Sinclair's wife.
 - (20) Includes (i) 2,500 shares of Common Stock held directly by Mr. Smollett, and (ii) 500 shares of Common Stock held in the IRA account of Mr. Smollett's wife.
 - (21) Comprised of 2,000 shares of Common Stock issuable pursuant to stock options which may be exercised by Mr. Sullivan on or within 60 days of February 3, 2014.
 - (22) Shared voting and dispositive power as co-trustees of 20,591 shares of Common Stock held by the Consentino Family 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.

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.

Shared voting and dispositive power as co-trustees of 32,819 shares of Common Stock held by the James V. Consentino Trust u/d/t 2/20/01 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 co-trustees of 7,500 shares of Common Stock held by the Consentino Family Trust II u/d/t 10/24/07 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 4,118 shares of the Consentino Family Trust, of 7,860 shares of the Consentino Family Trust III, and 1,500 shares of the Consentino Family Trust II and Mr. Moser's interest as a contingent beneficiary of 8,076 shares of the James V. Consentino Trust are part of the total shares owned by these trusts. 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) 52,352 shares held by Margaret A. Corrigan which are subject to the terms and provisions of the Gaughen Family Bank Stock Agreement I (GFBSA I) dated March 7, 2011. Such shares are reflected in Mr. Robert H. Gaughen, Jr.'s and Mr. Patrick R. Gaughen's total and are counted only once in this total, (ii) 70,000 shares held by the Achill Island 2012 Irrevocable Trust for which Mr. Patrick R. Gaughen and Mr. Robert H. Gaughen, Jr. hold voting power as a Co-Trustees. Such shares are reflected in Mr. Robert H. Gaughen, Jr.'s and Mr. Patrick R. Gaughen's total and are counted only once in this total, (iii) 62,404 shares beneficially owned by Mr. Robert H. Gaughen, Jr. which pursuant to the Gaughen Family Bank Stock Agreement II dated December 20, 2012 Mr. Robert H. Gaughen, Jr. and Mr. Patrick R. Gaughen have agreed to vote jointly. Such shares are reflected in Mr. Robert H. Gaughen, Jr.'s and Mr. Patrick R. Gaughen's total and are counted only once in this total, and (iv) 4,920 shares held directly by Mr. Patrick R. Gaughen and/or his wife and/or as Custodian for his minor children, and 70,843 shares held in the Ballina 2012 Irrevocable Trust for which Mr. Patrick R. Gaughen holds voting power as a Co-Trustee with Margaret A. Corrigan. These shares are subject to the terms and provisions of the GFBSA II and are reflected in Mr. Robert H. Gaughen, Jr.'s and Mr. Patrick R. Gaughen's total 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 3, 2014. 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	263,519	12.32
Robert H. Gaughen, Jr. (3) 694 Main Street Hingham, MA 02043 <i>and</i> Margaret Corrigan (3) 351 Forest Avenue Cohasset, MA 02025	266,894	12.48
Julio R. Hernando (4) 9 Heather Avenue Milton, MA 02186	256,032	11.97
Robert A. Lane (5) 155 Country Club Way Kingston, MA 02364	276,712	12.94
Jacqueline M. Youngworth (6) 12 Berkley Circle Hingham, MA 02043	145,418	6.80

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- (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 7 to the previous table.
- (3) See footnote 8 to the previous table.
- (4) See footnote 9 to the previous table.
- (5) See footnote 11 to the previous table.
- (6) See footnote 17 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 Marion J. Fahey 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.

Miss Fahey has served as Clerk since 1993. Miss Fahey has served as a Director of the Bank since 1992. Miss Fahey has never been employed by the Bank. Biographical information about Miss Fahey 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 Marion J. Fahey 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.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

(Notice Item 3)

The Board of Directors of the Bank is committed to excellence in governance and the development and retention of the highest quality management team. As part of that commitment, and as required by federal securities laws, 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 through the following resolution:

“RESOLVED, that the compensation paid to the Company’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 2014 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.

The Board of Directors of the Bank 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.

APPROVAL OF 2014 STOCK OPTION PLAN

(Notice Item 4)

Overview

The Bank's Board of Directors believes that the future success of the Bank depends, in large part, on the Bank's ability to maintain a competitive position in attracting, retaining and motivating key employees, officers and directors with experience and ability. In January 2014, the Bank's Board of Directors adopted, subject to stockholder approval, the 2014 Nonstatutory Stock Option Plan (the "2014 Stock Option Plan"). The 2014 Stock Option Plan would allow for the issuance of up to 100,000 shares of Common Stock (subject to adjustment in the event of stock splits, stock dividends or similar events) pursuant to non-statutory stock options.

The Bank does not currently have an equity award plan in effect. The Bank has not granted stock options, or any other equity awards, since 2012.

Summary of the 2014 Stock Option Plan

The following summary of the 2014 Stock Option Plan is qualified in its entirety by reference to the 2014 Stock Option Plan, a copy of which is attached as Appendix A to this proxy statement. In addition, a copy of the 2014 Stock Option Plan 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 or (800) 286-2800. References to the Board of Directors in this summary shall include any committee or subcommittee appointed by the Board of Directors to administer the 2014 Stock Option Plan.

Type of Award; Shares Available for Issuance

The 2014 Stock Option Plan provides for the grant of non-statutory stock options ("Options"). Subject to adjustment in the event of stock splits, stock dividends or similar events, Options may be made under the 2014 Stock Option Plan for up to 100,000 shares of Common Stock. If any Option granted under the 2014 Stock Option Plan expires or is terminated, cancelled, forfeited or otherwise results in any Common Stock not being issued, the unused Common Stock covered by such Option shall again be available for the grant of Options under the 2014 Stock Option Plan. However, shares of Common Stock delivered to the Bank by a participant to purchase Common Stock upon exercise of an Option or to satisfy minimum statutory tax withholding obligations (including shares retained from the Option creating the tax obligation) shall not be added back to the number of shares of Common Stock available

for the future grant of Options under the 2014 Stock Option Plan. In addition, Common Stock repurchased by the Bank on the open market using proceeds from the exercise of an Option shall not increase the number of shares of Common Stock available for future grant of Options under the 2014 Stock Option Plan.

The maximum number of shares with respect to which Options may be granted to any participant under the 2014 Stock Option Plan may not exceed 30,000 shares per calendar year, subject to adjustment in the event of stock splits, stock dividends or similar events. No individual may be awarded more than an amount of Options equal to more than 35% of the total Options authorized under the 2014 Stock Option Plan.

Substitute Options granted under the 2014 Stock Option Plan in connection with a merger or consolidation of an entity with the Bank or the acquisition by the Bank of property or stock of an entity shall not count against the overall share limit or per-participant limit described above.

Shares issued under the 2014 Stock Option Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

Description of Options

Participants receive the right to purchase a specified number of shares of Common Stock at a specified option price and subject to such other terms and conditions as are specified in connection with the Option grant. Options may not be granted at an exercise price that is less than 100% of the fair market value of the Common Stock on the date of grant. Under the terms of the 2014 Stock Option Plan, Options may not be granted for a term in excess of 10 years. The 2014 Stock Option Plan permits participants to pay the exercise price of Options using one or more of the following manners of payment: (i) payment by cash or check or, except as may otherwise be provided in the applicable Option agreement or approved by the Board of Directors, in connection with a “cashless exercise” through a broker, (ii) to the extent provided in the applicable Option agreement or approved by the Board of Directors, and subject to certain conditions, by surrender to the Bank of shares of Common Stock owned by the participant valued at their fair market value, (iii) to the extent provided in an applicable Option agreement or approved by the Board of Directors, and subject to certain conditions, by delivery of a notice of “net exercise” as a result of which the Bank will retain shares of Common Stock otherwise issuable pursuant to the Option, (iv) to the extent provided in the applicable Option agreement or approved by the Board of Directors, by any other lawful means, or (v) any combination of the foregoing.

Formula Option Grants to Directors and Officers. The 2014 Stock Option Plan provides for the automatic grant of Options to members of the Board of Directors and certain officers of the Bank. On the Effective Date (as defined below) of the 2014 Stock Option Plan, each person then serving on the Bank’s Board of Directors who is not a member of the Executive Committee of the Board of Directors (the “Executive Committee”) will be granted an Option to purchase 1,000 shares of Common Stock, and each person then serving on the Board of Directors who is a member of the Executive Committee will be granted an Option to purchase 2,000 shares of Common Stock, in each case at a price equal to the fair market value of such stock on such

date and subject to adjustment in the event of stock splits, stock dividends or similar events. Thereafter, subject to the availability of shares under the 2014 Stock Option Plan, (i) each person elected as a director to the Board of Directors after the Effective Date will receive, upon his or her initial election (but not upon any subsequent re-election), an Option to purchase 1,000 shares of Common Stock, and (ii) each director on the Board of Directors who has not theretofore served on the Executive Committee will receive upon his or her initial election to the Executive Committee (but not upon any subsequent re-election), an Option to purchase 1,000 shares of Common Stock, in each case at a price equal to the fair market value of such stock on such date and subject to adjustment in the event of stock splits, stock dividends or similar events. These Options shall be fully exercisable upon grant.

On the Effective Date, the President and Senior Vice President of the Bank will each be granted an Option to purchase 20,000 shares of Common Stock at a price equal to the fair market value of such stock on such date, which Options will vest in four equal annual installments vesting on the first anniversary of the Effective Date and each of the next three anniversary dates, unless such Options are accelerated under other provisions of the 2014 Stock Option Plan or the applicable Option agreement.

No Repricings; Other Limitations. Unless such action is approved by stockholders or permitted under the terms of the 2014 Stock Option Plan in connection with certain changes in capitalization and reorganization events, the Bank may not (i) amend any outstanding Option granted under the 2014 Stock Option Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (ii) cancel any outstanding option (whether or not granted under the 2014 Stock Option Plan) and grant in substitution therefor new Options under the 2014 Stock Option Plan (other than certain Options granted in connection with the Bank's merger or consolidation with, or acquisition of, another entity) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled Option, (iii) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current fair market value of the Common Stock, or (iv) take any other action under the 2014 Stock Option Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market. No Option granted under the 2014 Stock Option Plan shall contain any provision entitling the participant to the automatic grant of additional Options in connection with any exercise of the original Option or provide for the payment or accrual of dividend equivalents.

Transferability of Options

Except as the Board of Directors may otherwise determine or provide in an Option agreement in connection with certain gratuitous transfers, Options may not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order. During the life of the participant, Options are exercisable only by the participant provided, however, that, except with respect to Options subject to Section 409A, the Board may permit or provide in an Option agreement for the gratuitous transfer of the Option by the Participant to or for the benefit of any immediate

family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Bank would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Option to such proposed transferee; provided further, that the Bank shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Bank a written instrument in form and substance satisfactory to the Bank confirming that such transferee shall be bound by all of the terms and conditions of the Option. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this section shall be deemed to restrict a transfer to the Bank.

Eligibility to Receive Options

Employees, officers and directors of the Bank and its subsidiaries are eligible to be granted Options under the 2014 Stock Option Plan. As of February 3, 2014, approximately 144 persons were eligible to receive Options under the 2014 Stock Option Plan, including the Bank's eight executive officers and fourteen non-employee directors. The granting of Options under the 2014 Stock Option Plan is discretionary, and the Bank cannot now determine the number of Options to be granted in the future to any particular person or group, with the exception of the formula grants to directors and certain officers described above.

On February 13, 2014, the last reported sale price of the Common Stock on the NASDAQ Stock Market was \$77.57.

Administration

The Board of Directors administers the 2014 Stock Option Plan and is authorized to adopt, alter and repeal the administrative rules, guidelines and practices relating to the 2014 Stock Option Plan and to interpret the provisions of the 2014 Stock Option Plan and any Option documentation and remedy any ambiguities, omissions or inconsistencies therein. Pursuant to the terms of the 2014 Stock Option Plan, the Board of Directors may delegate authority under the 2014 Stock Option Plan to one or more committees or subcommittees of the Board of Directors. Options to non-employee directors will only be granted and administered by a committee, all the members of which are independent directors as defined by Section 5606(a)(2) of the NASDAQ Marketplace Rules.

The Board of Directors may at any time provide that any Option will become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

The Board of Directors is required to make appropriate adjustments in connection with the 2014 Stock Option Plan and any outstanding Options to reflect stock splits, stock dividends, recapitalizations, spin-offs and other similar changes in capitalization.

All decisions by the Board of Directors shall be made in the Board of Directors' sole discretion and shall be final and binding on all persons having or claiming any interest in the

2014 Stock Option Plan or in any Option. No director or person acting pursuant to authority delegated by the Board of Directors shall be liable for any action or determination relating to or under the 2014 Stock Option Plan made in good faith. The Bank will indemnify and hold harmless each director, officer, other employee or agent to whom any duty or power relating to the administration or interpretation of the 2014 Stock Option Plan has been or will be delegated against any cost or expense or liability arising out of any act or omission to act concerning the 2014 Stock Option Plan unless arising out of such person's own fraud or bad faith.

Amendment of Options. Except as otherwise provided under the 2014 Stock Option Plan, with respect to repricing outstanding Options, the Board of Directors may amend, modify or terminate any outstanding Option provided that the participant's consent to such action will be required unless the Board of Directors determines that the action, taking into account any related action, would not materially and adversely affect the participant or the change is otherwise permitted under the terms of the 2014 Stock Option Plan.

Reorganization Events

Definitions. The 2014 Stock Option Plan contains provisions addressing the consequences of any reorganization event. A "reorganization event" is defined under the terms of the 2014 Stock Option Plan to mean (a) any merger or consolidation of the Bank with or into another entity as a result of which the Common Stock of the Bank is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Bank for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Bank.

Consequences of a Reorganization Event. Under the 2014 Stock Option Plan, if a reorganization event occurs, the Board of Directors may take any one or more of the following actions as to all or any (or any portion of) outstanding Options on such terms as the Board of Directors determines (except to the extent specifically provided otherwise in an applicable Option agreement or another agreement between a participant and the Bank): (A) provide that such Options shall be assumed, or substantially equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (B) upon written notice to a participant, provide that all of the participant's unexercised and/or unvested Options will terminate immediately prior to the consummation of such reorganization event unless exercised by the participant (to the extent then exercisable) within a specified period following the date of such notice, (C) provide that outstanding Options shall become exercisable or restrictions applicable to an Option shall lapse, in whole or in part prior to or upon such reorganization event, (D) in the event of a reorganization event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the reorganization event (the "Acquisition Price"), make or provide for a cash payment to participants with respect to each Option held by a participant equal to (X) the number of shares of Common Stock subject to the vested portion of the Option (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (Y) the excess, if any, of (I) the Acquisition Price over (II) the exercise price of such Option and any applicable tax withholdings, in exchange for the termination of such Option, (E) provide that, in connection with a liquidation or dissolution of the Bank, Options

shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof and any applicable tax withholdings) and (F) any combination of the foregoing.

Amendment or Termination

The Board of Directors of the Bank may amend, suspend or terminate the 2014 Stock Option Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m) of the Code, no Option granted to a participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable unless and until the Bank's stockholders approve such amendment in the manner required by Section 162(m); (ii) no amendment that would require stockholder approval under the rules of the NASDAQ Stock Market may be made effective unless and until the Bank's stockholders approve such amendment; and (iii) if the NASDAQ Stock Market amends the NASDAQ rules so that such rules no longer require stockholder approval of material amendments to equity compensation plans, then, from and after the effective date of such amendment to the NASDAQ rules, no amendment to the 2014 Stock Option Plan (A) materially increasing the number of shares authorized under the 2014 Stock Option Plan (other than as provided for in the 2014 Stock Option Plan in connection with changes in capitalization), (B) expanding the types of awards that may be granted under the 2014 Stock Option Plan, or (C) materially expanding the class of participants eligible to participate in the 2014 Stock Option Plan shall be effective unless stockholder approval is obtained. Unless otherwise specified in the amendment, any amendment to the 2014 Stock Option Plan adopted in accordance with the procedures described above shall apply to, and be binding on the holders of, all Options outstanding under the 2014 Stock Option Plan at the time the amendment is adopted, provided that the Board of Directors determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of participants under the 2014 Stock Option Plan.

Effective Date and Term of the 2014 Stock Option Plan

The 2014 Stock Option Plan shall become effective on the date the plan is approved by the Bank's stockholders (the "Effective Date"). No Options shall be granted under the 2014 Stock Option Plan after the completion of 10 years from the Effective Date, but Options previously granted may extend beyond that date.

Federal Income Tax Consequences

The following generally summarizes the United States federal income tax consequences that generally will arise with respect to Options granted under the 2014 Stock Option Plan. This summary is based on the federal tax laws in effect as of the date of this proxy statement. In addition, this summary assumes that all Options are exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation. Changes to these laws or assumptions could alter the tax consequences described below.

A participant will not have income upon the grant of an Option. A participant will have compensation income upon the exercise of an Option equal to the fair market value of the stock on the day the participant exercised the Option less the exercise price. Upon sale of the stock

(“NSO stock”), the participant will have capital gain or loss equal to the difference between the sales proceeds and the fair market value of the NSO stock on the day the Option was exercised. This capital gain or loss will be long-term if the participant has held the NSO stock for more than one year and otherwise will be short-term.

There will be no tax consequences to the Bank except that the Bank will be entitled to a deduction when a participant has compensation income. Any such deduction will be subject to the limitations of Section 162(m) of the Code.

New Plan Benefits

The following table sets forth information regarding the grant of options that will be made after the annual meeting if the stockholders approve the 2014 Stock Option Plan.

Name and Position	Number of Shares Underlying Options to be Granted
Named Executive Officers:	
Robert H. Gaughen, Jr., Director, President and Chief Executive Officer	22,000
Patrick R. Gaughen, Director, Senior Vice President, Chief of Strategy and Corporate Development Officer	22,000
All current executive officers as a group	44,000
All current non-executive officer directors as a group	20,000

Equity Compensation Plan Information

The following table provides information about the securities authorized for issuance under the Bank’s equity compensation plans as of December 31, 2013:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾
Equity compensation plans approved by security holders:			
1996 Stock Option Plan	9,500	\$50.32	----

Equity compensation plans not approved by security holders:	----	----	----
Total	9,500	\$50.32	----

(1) Under the Bank’s previous 1996 Stock Option Plan, stock options were granted to officers, other employees, and certain directors as the Stock Option Committee of the Board of Directors determined. A total of 90,000 shares of Common Stock were reserved for issuance pursuant to the 1996 Stock Option Plan. Both “incentive options” and “non-qualified options” could be granted under the plan. All options under the 1996 Stock Option Plan had an exercise price per share equal to, or in excess of, the fair market value of a share of Common Stock at the date the option was granted; had a maximum option term of 10 years; and were fully vested immediately upon issuance. As of December 31, 2013, there were no remaining options available for future issuance under the 1996 Stock Option Plan.

The Board of Directors of the Bank recommends that the stockholders vote FOR the approval of the 2014 Stock Option Plan.

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, 2014. 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 Peat Marwick, independent certified public accountants, to be the Bank’s independent auditors.

The consolidated financial statements of the Bank as of December 31, 2013 and 2012 and for each of the years in the three-year period ended December 31, 2013, 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, 2013, which may be obtained at www.hinghamsavings.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.

Audit Fees

Wolf billed the Bank an aggregate of \$178,100 and \$178,600 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, 2013 and 2012, respectively including reviews of the financial statements included in each of the Bank's Quarterly Reports on Form 10-Q. Additionally, the fees for both 2013 and 2012 included an audit of internal controls over financial reporting.

Audit-Related Fees

Wolf billed the Bank an aggregate of \$1,600 and \$1,900 in audit-related fees for professional services rendered to the Bank for the fiscal years ended December 31, 2013 and 2012, respectively. These fees related to agreed-upon procedures in connection with the Bank's pension plans.

Tax Fees

Wolf billed the Bank an aggregate of \$28,000 and \$28,000 in fees for tax related services rendered to the Bank and its affiliates for the fiscal years ended December 31, 2013 and 2012, respectively. 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, 2013 and 2012.

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 Bank's 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 and the applicable NASDAQ rules. 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 six meetings during the fiscal year ended December 31, 2013. 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. 16, 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 Bank's 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, 2013.

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

Howard M. Berger, Esq.

Marion J. Fahey

Brian T. Kenner, Esq.

Scott L. Moser
Stacey M. Page
Robert K. Sheridan

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 2015 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 18, 2014 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 Securities Exchange Act of 1934, as amended. 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 24, 2015), but not more than 120 days (December 25, 2014), 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. Therefore, proposals submitted prior to the deadline for consideration at the meeting but after the deadline for inclusion in the proxy statement will be placed on the agenda at the meeting but will not be included in the proxy statement. Any such proposal 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, (781) 749-2200 or (800) 286-2800. 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

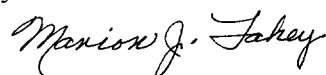
The Bank will bear the cost of preparing, assembling and mailing the Notice, Proxy Statement and form of proxy for the Meeting. Solicitation of proxies will be primarily through the use of mails, but regular employees of the Bank may solicit proxies by personal interview, by telephone or by telegraph 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 which a base fee of \$4,500 (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, 2013, 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, 2013 (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 or (800) 286-2800. This Proxy Statement and the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 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,



Marion J. Fahey
Clerk

Dated: March 18, 2014

APPENDIX A

HINGHAM INSTITUTION FOR SAVINGS

2014 NONSTATUTORY STOCK OPTION PLAN

1. Purpose

The purpose of this 2014 Nonstatutory Stock Option Plan (the “**Plan**”) is to secure for Hingham Institution for Savings (the “**Bank**”) and its stockholders the benefits arising from capital stock ownership by employees, officers and directors of the Bank who are expected to contribute to the Bank’s future growth and success. Except where the context otherwise requires, the term “**Bank**” shall include any of the Bank’s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the “**Code**”) and any other business venture (including, without limitation, joint venture or limited liability company) in which the Bank has a controlling interest, as determined by the Board of Directors of the Bank (the “**Board**”).

2. Eligibility

All of the Bank’s employees, officers and directors are eligible to be granted Options (as defined in Section 5) under the Plan. Each person who is granted an Option under the Plan is deemed a “**Participant**.” The terms of each Option need not be identical, and the Board need not treat Participants uniformly.

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Options and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Option agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option. All actions and decisions by the Board with respect to the Plan and any Options shall be made in the Board’s discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Option.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a “**Committee**”). All references in the Plan to the “**Board**” shall mean the Board or a Committee of the Board to the extent that the Board’s powers or authority under the Plan have been delegated to such Committee.

(c) Options to Non-Employee Directors. Except for Options granted as specified in Section 5(b), Options to non-employee directors will be granted and administered by a Committee, all of the members of which are independent directors as defined by Section 5605(a)(2) of the NASDAQ Marketplace Rules.

4. Stock Available for Options

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 6, Options may be made under the Plan for up to 100,000 shares of common stock, \$1.00 par value per share, of the Bank (the “**Common Stock**”). Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares. No individual Participant may be awarded more than an amount of Options under the Plan equal to more than 35% of the total number of shares authorized under the Plan.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Options under the Plan under this Section 4(a):

(A) if any Option (i) expires or is terminated, surrendered or cancelled without having been fully exercised or is forfeited in whole or in part or (ii) results in any Common Stock not being issued, the unused Common Stock covered by such Option shall again be available for the grant of Options;

(B) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Bank by a Participant to (i) purchase shares of Common Stock upon the exercise of an Option or (ii) satisfy minimum statutory tax withholding obligations with respect to Options (including shares retained from the Option creating the tax obligation) shall not be added back to the number of shares available for the future grant of Options; and

(C) shares of Common Stock repurchased by the Bank on the open market using the proceeds from the exercise of an Option shall not increase the number of shares available for future grant of Options.

(b) Section 162(m) Per-Participant Limit. Subject to adjustment under Section 6, the maximum number of shares of Common Stock with respect to which Options may be granted to any Participant under the Plan shall be 30,000 per calendar year. The per-Participant limit described in this Section 4(b) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder (“**Section 162(m)**”). No individual may be awarded more than an amount of Options equal to more than 35% of the total Options authorized under the 2014 Stock Option Plan.

(c) Substitute Options. In connection with a merger or consolidation of an entity with the Bank or the acquisition by the Bank of property or stock of an entity, the Board may grant Options in substitution for any options granted by such entity or an affiliate thereof. Substitute Options may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Options contained in the Plan. Substitute Options shall not count against the overall share limit set forth in Section 4(a)(1) or the Section 162(m) per-Participant limit set forth in Section 4(b).

5. Nonstatutory Stock Options

(a) General. The Board may grant nonstatutory stock options to purchase Common Stock (each, an “**Option**”) and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. It is intended that the Options granted under the Plan shall not be incentive stock options as defined in Section 422 of the Code.

(b) Formula Option Grants to Officers and Directors. Without limiting the general granting authority in Section 5(a):

(1) On the Effective Date (as defined below), each person then serving on the Board who is not a member of the Executive Committee of the Board (the “Executive Committee”) shall be granted an Option to purchase 1,000 shares of Common Stock, and each person then serving on the Board who is a member of the Executive Committee shall be granted an Option to purchase 2,000 shares of Common Stock, in each case at a price equal to the Fair Market Value of such stock on such date and upon the other terms and conditions specified in the Plan. Thereafter, subject to the availability of shares, (i) each person elected as a director to the Board after the Effective Date shall receive, upon his or her initial election (but not upon any subsequent re-election), an Option to purchase 1,000 shares of Common Stock, and (ii) each director on the Board who has not theretofore served on the Executive Committee shall receive, upon his or her initial election to the Executive Committee (but not upon any subsequent re-election), an Option to purchase 1,000 shares of Common Stock, in each case at a price equal to the Fair Market Value of such stock on such date and upon the other terms and conditions specified in the Plan. Options granted pursuant to this Section 5(b)(1) shall be fully vested upon grant.

(2) On the Effective Date, the President and Senior Vice President of the Bank shall each be granted an Option to purchase 20,000 shares of Common Stock at a price equal to the Fair Market Value of such stock on such date, which Options shall vest in four equal annual installments with the first installment vesting on the first anniversary of the Effective Date, unless such Options are accelerated under other provisions of the Plan or the applicable Option agreement.

(c) Exercise Price. The Board shall establish the exercise price of each Option or the formula by which such exercise price will be determined. The exercise price shall be specified in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value per share of Common Stock as determined by (or in a manner approved by) the Board (“**Fair Market Value**”) on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Bank of a

notice of exercise in a form (which may be electronic) approved by the Bank, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Bank as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Bank;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Bank sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Bank of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Bank cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Bank, was owned by the Participant for such minimum period of time, if any, as may be established by the Board and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Option agreement or approved by the Board, by delivery of a notice of “net exercise” to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Bank’s stockholders, the Bank may not (except as provided for under Section 6): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Options under the Plan (other than Options granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for

a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a “repricing” within the meaning of the rules of the NASDAQ Stock Market (“*NASDAQ*”).

(h) No Reload Options. No Option granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional Options in connection with any exercise of the original Option.

(i) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

6. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules set forth in Section 4(a) and the Section 162(m) per-Participant limit set forth in Section 4(b), (iii) the number and class of securities subject to Options thereafter granted under Section 5(b), and (iv) the number and class of securities and exercise price per share of each outstanding Option shall be equitably adjusted by the Bank (or substituted Options may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Bank effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A “*Reorganization Event*” shall mean: (a) any merger or consolidation of the Bank with or into another entity as a result of which all of the Common Stock of the Bank is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Bank for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Bank.

(2) Consequences of a Reorganization Event on Options.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Options on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Option agreement or another agreement between the Bank and

the Participant): (i) provide that such Options shall be assumed, or substantially equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unexercised and/or unvested Options will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Options shall become exercisable or restrictions applicable to an Option shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "**Acquisition Price**"), make or provide for a cash payment to Participants with respect to each Option held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Option (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise price of such Option and any applicable tax withholdings, in exchange for the termination of such Option, (v) provide that, in connection with a liquidation or dissolution of the Bank, Options shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 6(b)(2), the Board shall not be obligated by the Plan to treat all Options or all Options held by a Participant identically.

(B) For purposes of Section 6(b)(2)(A)(i), an Option shall be considered assumed if, following consummation of the Reorganization Event, such Option confers the right to purchase or receive pursuant to the terms of such Option, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Bank may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of the Option to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

7. General Provisions Applicable to Options

(a) Transferability of Options. Options shall not be sold, assigned, transferred, pledged or otherwise encumbered by a Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant;

provided, however, that, except with respect to Options subject to Section 409A, the Board may permit or provide in an Option agreement for the gratuitous transfer of the Option by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Bank would be eligible to use a Form S-8 under the Securities Act of 1933 for the registration of the sale of the Common Stock subject to such Option to such proposed transferee; *provided further,* that the Bank shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Bank a written instrument in form and substance satisfactory to the Bank confirming that such transferee shall be bound by all of the terms and conditions of the Option. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 7(a) shall be deemed to restrict a transfer to the Bank.

(b) Documentation. Each Option shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Option may contain terms and conditions in addition to those set forth in the Plan.

(c) Termination of Status. The Board shall determine the effect on an Option of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator or guardian, may exercise rights, or receive any benefits, under an Option.

(d) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Bank will deliver stock certificates or otherwise recognize ownership of Common Stock under an Option. The Bank may elect to satisfy the withholding obligations through additional withholding on salary or wages. If the Bank elects not to or cannot withhold from other compensation, the Participant must pay the Bank the full amount, if any, required for withholding or have a broker tender to the Bank cash equal to the withholding obligations. Payment of withholding obligations is due before the Bank will issue any shares on exercise, vesting or release from forfeiture of an Option or at the same time as payment of the exercise price, unless the Bank determines otherwise. If provided for in an Option agreement or approved by the Board, a Participant may satisfy the minimum statutory tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Option creating the tax obligation, valued at their Fair Market Value; *provided, however,* except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Bank's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy minimum statutory tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(e) Amendment of Option. Except as otherwise provided in Section 5(g) with respect to repricings, the Board may amend, modify or terminate any outstanding Option, including

but not limited to, substituting therefor another Option and changing the date of exercise. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 6.

(f) Conditions on Delivery of Stock. The Bank will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Option have been met or removed to the satisfaction of the Bank, (ii) in the opinion of the Bank's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Bank such representations or agreements as the Bank may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(g) Acceleration. The Board may at any time provide that any Option shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

8. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Option by virtue of the adoption of the Plan, and the grant of an Option shall not be construed as giving a Participant the right to continued employment or any other relationship with the Bank. The Bank expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Option agreement.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Option agreement, no Participant shall have any rights as a stockholder with respect to any shares of Common Stock to be issued with respect to an Option until becoming the record holder of such shares.

(c) Other Employee Benefits. Except as to plans which by their terms include such amounts as compensation, the amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option or the sale of shares received upon such Option exercise will not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board.

(d) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Bank's stockholders (the "*Effective Date*"). No Options shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Options previously granted may extend beyond that date.

(e) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Option granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable unless and until the Bank's stockholders approve such amendment in the manner required by Section 162(m); (ii) no amendment that would require stockholder approval under the rules of the NASDAQ may be made effective unless and until the Bank's stockholders approve such amendment; and (iii) if the NASDAQ amends its corporate governance rules so that such rules no longer require stockholder approval of material amendments to equity compensation plans, then, from and after the effective date of such amendment to the NASDAQ rules, no amendment to the Plan (A) materially increasing the number of shares authorized under the Plan (other than pursuant to Section 4(c) or 6), (B) expanding the types of awards that may be granted under the Plan, or (C) materially expanding the class of participants eligible to participate in the Plan shall be effective unless and until the Bank's stockholders approve such amendment. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 8(e) shall apply to, and be binding on the holders of, all Options outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Option shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Option provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(f) Compliance with Section 409A of the Code. Except as provided in individual Option agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Bank in accordance with its procedures, by which determinations the Participant (through accepting the Option) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "***New Payment Date***"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Bank makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan,

no individual acting as a director, officer, employee or agent of the Bank will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Bank. The Bank will indemnify and hold harmless each director, officer, employee or agent of the Bank to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Options made hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the Commonwealth of Massachusetts.

